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WORLD NEWS

Water plant victims win damages

Survivors of the Abbeystead water plant disaster in Lancashire in May 1984, and relatives of the 16 people killed in the methane gas explosion, yesterday won a battle for compensation.

Mr Justice Rose ruled that the plant's designers and builders and the operator, North West Water Authority, had all been negligent. Claims total between £1.5m and £2m. Page 6

Spy case appeal planned

The Prime Minister confirmed that the Government intended to apepal against a New South Wales Supreme Court decision to allow publication of the memoirs of ex-MI5 officer Peter Wright. Back Page; Legal blow, Page 4

Liverpool crisis talks

A delegation from Liverpool is to meet Environment Secretary Nicholas Ridley and Local Government Minister Rhodes Boyson next week to discuss the city's financial crisis. Back Page

Moscow harder on arms

The Soviet Union hardened opposition to the inclusion of curbs on shorter-range missiles in any deal to eliminate intermediate nuclear forces from Europe, according to western officials. Page 2

Chernobyl trial soon

The men accused of being responsible for the Soviet Union's Chernobyl nuclear disaster last year are to go on trial soon at Kiev. Page 2

Ulster police in blast

Four policemen were injured when a Provisional IRA bomb exploded outside a Belfast cemetery shortly before the funeral of a murdered colleague was due to take place. Page 5

Ferry toll 'may top 200'

Belgian Transport Minister Herman de Croo said the Zeebrugge ferry disaster might have caused 200 deaths. Townsend Thoresen said it still believed there were 134 presumed dead.

Ship blaze kills 13

Thirteen workmen were killed in a fire on an Italian liquefied gas cargo ship which was being repaired near Ravenna on the Adriatic.

Life for rapist

Retail manager Errol Henry, 26. recived six life sentences at Stafford after admitting five rapes and an attempted rape.

Gunman hunted

A gunman was being hunted last night after wounding two police officers after an abortive raid on a warehouse in south London.

More DHSS staff

Social security officers are to have an extra 4,000 staff because of the workload arising mainly from unemployment benefit claims. Page 6

Benefits court victory

The appeal court allowed a plea by Dorothy Moran, of Birkenhead, who suffers from epilepsy, which could lead to the Department of Health and Social Security paying millions of pounds in extra benefits. Page 4

Demonstrators hurt

Three people were hurt at Hull University as the driver of a car carrying Tory MP Harvey Proctor attempted to avoid a student demonstration.

Rally crash death

A spectator was killed and 12 injured on the Marao stage of the Portuguese motor rally, the second fatal crash in successive years.

BUSINESS SUMMARY

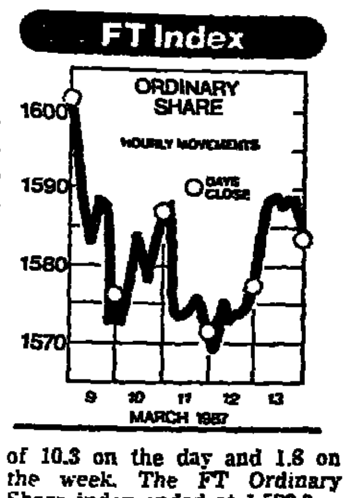
Citicorp acts on loans to Brazil

CITICORP, world's largest banking group, warned that it may have to make provisions from reported earnings against $3.9bn (£2.48bn) of loans to Brazil.

The announcement is likely to put pressure on other US creditors to downgrade most debts owed by Brazil, which last month froze interest payments on its foreign bank debt. Back Page

STERLING: Cautious speculators trimmed back their positions before Tuesday's budget as sterling ended a hectic week near its lowest levels for several days. Back Page, Money Markets, Page 13

LONDON EQUITIES: Budget hopes of lower income tax and interest rates revived markets yesterday. The FT-SE 100 share index closed at 2,000.0 a rise



of 10.3 on the day and 1.8 on the week. The FT Ordinary Share index ended at 1,583.9, a rise of 5.9 on the day and a 17.5 point decline on the week. Page 13

THORN EMI's appliances and lighting division chairman resigned in a move which puts a question mark over the group's future refrigeration activities. Back Page

VOLKSWAGEN, West German car maker which may have lost millions of pounds in a suspected currency fraud, dismissed the head of its foreign exchange department. Page 11

ALUSUISSE, troubled Swiss aluminium group, plans to use half its share capital and its legal reserve to meet two-year losses of SFr 1.44bn (£587.8m). Page 11

RANK XEROX, UK offshoot of Xerox Corporation, is in advanced negotiations to sell its South African arm. Page 3

JAPANESE Prime Minister Yasuhiro Nakasone wants to press ahead with a proposed sales tax in spite of a nine-day opposition boycott and a move to have him expelled from his own party.

WALT DISNEY COMPANY and France expect to sign by May a contract for Europe's first Disneyland amusement park, initial investment for which has been put at $1.3bn (£825m).

CATERPILLAR, US earthmoving equipment maker, said in an ultimatum that it would close its plant at Uddingston near Glasgow by mid-May if workers did not soon end their occupation of the factory. Page 7

BANK PAY RISE: Three clearing banks have offered a 5 per cent, national pay rise to about 200,000 workers through only one of two unions recognised for collective bargaining. Page 7

BTP, chemicals group, won the battle for Barrow Hepburn, declaring its £31.8m bid unconditional after gaining control of 52.1 per cent of the chemicals and engineering group's shares. Page 10

BRITISH & Commonwealth Holdings, financial services and transport group, is to take a 24 per cent stake in Appletree Holdings, snack-foods maker and fresh produce distributor, which is moving to a full listing. Page 10

Midland Bank quits market making after incurring heavy losses

BY DAVID LASCELLES AND HUGO DIXON

MIDLAND BANK last night became the first major casualty of the Big Bang de-regulation of the City by deciding to pull out of equity market making after running up heavy losses.

Mr Ernst Brutsche, chief executive of Midland Montagu, the newlycreated investment banking arm, said that Greenwell Montagu Securities had accumulated trading losses of £6m since it opened for business on Big Bang day, October 27.

He also said Mr Russ Hammond, joint managing director of Greenwell Montagu Securities, would be leaving the company. He is to be replaced by Mr Keith Brown, the head of research.

Mr Brutsche said the proliferation of marketmakers had eliminated the profit potential for jobbing. "Wet hought we would gain new business from doing this but we have not gained new customers."

Greenwell Montagu Securities will concentrate on providing an agency broking service and research into equity stocks. Midland Montagu's gilt-edged market making activities and private client services will continue as normal.

Yesterday's decision is a blow to Midland Bank's plans to develop a leading presence in the securities business, but it bears out widespread predictions that the greatly intensified competition unleasher by the deregualtion of the financial markets would force some market makers to retreat.

It comes only three weeks after Midland launched Midland Montagu as the vehicle for its operations in the securities markets and merchant banking in the UK and overseas.

Last week, Sir Kit MacMahon, Midland's chief executive, commented at the announcement of the bank's annual results that it was losig money on equity dealing. But he said he was satisfied with Midland Montagu's overall performance.

Since then equity losses have accelerated. The decision to pull out was taken on Thursday evening.

Mr Brutsche said Midland had invested almost £10m in equity market making, the operation employing 38 people. Only 10 of these would now be needed, with some staff being redeployed.

Unlike some of its competitors in Big Bang, Midland Bank had decided not to buy a jobbing firm. Instead, it built up its own market making operations alongside W. Greenwell, a stockbroking firm it had acquired.

The view in the City last night was that this had handicapped Midland's ability to win business. Mr Brutsche said this was "a factor" in the decision.

In a bid to acquire market share, Grenwell Montagu Securities had also guaranteed to match the best prices in the market and so had been dealing at very fine—if not negative—margins.

Mr Brutsche said that recapitalising the business would have been too expensive, and acquiring a new jobbing firm was not viable. Midland Montagu had also considered, but rejected, the possibility of reducing the range of 400 stocks in which it made markets.

Last night's decision will make Midland a lesser force in the securities markets compared with its main clearing bank rivals National Westminster and Barclays, both of which are developing large market making operations. Lloyds Bank had never gone into equity market making.

Many people in the City believe the ability to make markets in stocks is the key to a successful integrated securities business in the deregulated environment.

Midland maintains it can still operate successfully with its agency and research services, which are the recognised strengths of W. Greenwell.

However, the majority of share dealing in London is done directly through market makers rather than through brokers, and Mr Brutsche admitted there was a danger that some of the firm's analysts would now leave.

Lex, Back Page; London Stock Exchange, Page 13

Scale of Liberal win at Truro is blow to Tories

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE LIBERALS yesterday secured a bigger-than-expected victory in the Truro by-election, dashing Conservative hopes of stemming the recent upsurge in electoral support for the Alliance.

Mr Matthew Taylor, the Liberal candidate, polled 30,599 votes, raising the 1983 majority of the late Mr David Penhaligon by just over 4,000 to 14,617.

Liberals had feared a reduced majority because of a fall in the personal vote previously attracted by Mr Penhaligon but in a turnout of just over 70 per cent, there was a swing of 4.8 per cent from the Conservatives to Labour.

The result was greeted with inevitable disappointment by ministers and provides no encouragement for those who favour an early general election.

Mr Taylor was Mr Penhaligon's research assistant at Westminster and, at 24, becomes the youngest MP. He will take his seat on Tuesday, immediately before the Chancellor makes his Budget speech.

Mr Taylor said after his victory: "I am delighted with the increase in majority and the overwhelming endorsement of the people of the constituency. I am not going to be a second David Penhaligon; I am going to be the first Matthew Taylor."

The Conservative candidate, Mr Nicholas St Aubyn, came second with 15,982 votes although his share of the poll fell by over 6 per cent, largely to the benefit of the Liberals.

Labour trailed well behind in third place with 3,603 votes, but Mr John King, the party's candidate, pushed up its share of the vote by about 3 per cent. Unlike the 1983 election, Labour held its deposit.

Mrs Thatcher, who was visiting north Wales, said: "It was what was expected. I think it was a very unusual by-election and you cannot deduce any future results from it. It won't affect the date of the next general election."

The Prime Minister and her election strategists, will be far more interested in monitoring the political impact of the Budget and of her visit to Moscow later this month. In spite of the poor showing at Truro and Greenwich, national polls con-

Continued on Back Page
Background, Page 6; Kinnock at Scottish conference, Page 6; Ministers to meet Liverpool delegation, Back Page

RESULTS

Matthew Taylor (L) 30,599 (60.4%)
Nicholas St Aubyn (C) 15,982 (31.6%)
John King (Lab) 3,603 (7.1%)
Howard Hoptrough (Green) 403 (0.8%)
Helen Anscombe (Death off the Road/Freight on Rail) 75 (0.1%)
(General election: David Penhaligon (L) 31,279 (57.3%); Philip Buddell (C) 20,799 (28.1%); Jan Beecroft (Lab) 2,479 (4.6%). Lib maj: 10,480)

Swing from Conservative to Liberal: 4.8%
Swing from Conservative to Labour: 4.5%
Turnout: 70.2% (79.6%)

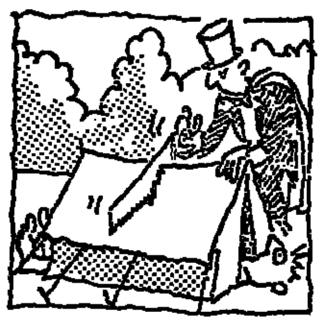
WEEKEND FT

CANTILLON

Richard Cantillon, the colourful 18th century economist, may have been murdered. But he understood the first principles of monetarism... Page 1

FINANCE

What to watch out for in Tuesday's Budget Page IV



HOW TO SPEND IT

The right kind of leakproof tent for the right kind of foolproof camping Page XV

BOOKS

V. S. Naipaul's new novel Page XVI

European Airbus models closer to formal launch

BY MICHAEL DONNE IN LONDON AND GEORGE GRAHAM IN PARIS

THE NEXT generation of European Airbuses, the proposed long-range A-340 and medium-to-long range A-330, moved towards formal launch yesterday. The Airbus Industrie consortium announced it had commitments for 104 aircraft from nine airlines.

As a result, Airbus partner-companies including British Aerospace will increasingly press their governments in the next few weeks to provide funds to ensure a formal luaunch of the ventures by the middle of next month.

The A-340 is a four-engined, ultra-long-range airliner, designed to carry up to 295 passengers over distances of nearly 8,000 nautical miles.

The A-330 is a smaller, twin-engined aircraft designed to carry up to 286 passengers over distances of 5,200 nautical miles.

The level of commitments for the aircraft was revealed after a meeting of the Airbus supervisory board in Toulouse, France, yesterday.

The airlines involved were not named and details of their commitments were not revealed. However, Lufthansa of West Germany is known to have ordered 15 A-340s with another 15 on option and Air France is considering at least seven A-340s initially.

At least one other European airline is a potential customer. Airbus initially said it would like five launch customers to justify proceeding.

Yesterday the Airbus board said the commercial and industrial objectives it had set over a year ago "have been fulfilled and a strong basis for a commercially-successful programme has been established."

As a result the board had decided "to take all necessary steps for a formal launch decision by mid-April 1987, to ensure first deliveries of the A-340 in May 1992, to be followed by first deliveries of the A-330 a year later."

Airbus says it foresees a market for up to 500 A-330s and 490 A-340s, for a total of 990 aircraft by the end of the century. Both aircraft will have similar fuselages, wings and systems.

According to Airbus, the two aircraft will cost about $2.5bn (£1.58bn) for research and development alone, with an additional sum for initial production. The overall cost is thus likely to be about $4bn.

Only the French Government appears fully behind the programme. The UK and West German governments have still to make up their minds on financial support. Yesterday the French Government reserved its position until such time as the consortium had presented to it a full set of proposals.

However, Mr Jacques Chirac, the Prime Minister, has publicly committed himself to the principle of extending the Airbus range. Officials said government support for the new aircraft would be given when they were fully convinced the programme was economically viable.

None the less they believe that if Airbus is to continue in existence it is essential it should be able to offer a complete range of civilian airliners extending up to the long-range A-340.

In addition, the prospect of 30,000 more jobs in the Toulouse region has added to the political importance of the A-340 programme.

French airlines have not yet fully committed themselves to the programme. Air France has expressed strong interest in buying seven A-340s but has not completed negotiations and has some doubts on the engines proposed for the aircraft.

Government officials have also expressed concern over the viability of the Superfan engine, one of the two planned for the aircraft.

Goldman Sachs purchased forged Exxon Eurobonds

BY CLARE PEARSON

GOLDMAN SACHS, the US securities house, revealed yesterday it had bought forgeries of Eurobonds issued by Exxon, the US oil company, worth $2.2m (£1.4m) on behalf of a customer. The forgeries appear to be part of one of the largest such operations yet uncovered in the Eurobond market.

City of London police said a man had been arrested in connection with the sale of the counterfeited bonds.

Goldman's discovery follows announcements last week by Euroclear and Cedel, the Brussels and Luxembourg-based Euromarket clearing systems, that they had uncovered counterfeited bonds of the same issue by Exxon with a total face amount of $19m.

Goldman's loss is covered by insurance. The company was informed that the bonds were forged after they had been presented for clearance at Euroclear.

The clearing systems had earlier said they had identified the forgery by comparing the authenticating signatures with those of outstanding Exxon bonds.

The $1.8bn issue for Exxon, which was launched in 1984, was of zero coupon bonds, which do not pay interest. They are therefore attractive instruments for a forger since there is no need to present the bonds for annual coupon payments.

Pop world records tax victory

BY HUGO DIXON

THE world of pop music has won a battle against the Treasury raging since December.

Tax rules unveiled then which, it was claimed, would keep foreign pop stars out of Britain, are to be modified. Mr Norman Lamont, Financial Secretary to the Treasury, announced in a Commons written reply yesterday.

"It's magic," said Mr Eric Longley, a tax manager at Arthur Young, the accountants, which took a leading role in opposing the proposals. "It is good news for the pop industry, the recording industry and the clasical music industry."

The proposals were aimed at foreign entertainers and sports people who earned money during visits to the UK but did not pay tax. They were to have had tax deducted at the basic rate from any money they earned before they received it.

The regulations were drawn so widely that royalties from records sold in the UK would have been eligible to tax if the performer visited the country and gave concerts to promote them. This raised fears that many foreign stars would stay away.

"In the light of representations, we have decided to exclude payments which arise from the sale of records from the scope of the regulations," Mr Lamont said. "This reflects the fact that they are currently treated as exempt from tax under many of our double tax treaties."

The new rules, to be published in full on March 26, also raise the limit beneath which tax will not have to be deducted at source from £500 to £1,000. They are planned to come into force on May 1st.

MARKETS

DOLLAR
New York lunchtime:
DM 1.8525
FFr 6.165
SFr 1.553
Y152.575
London:
DM 1.853 (1.8605)
FFr 6.1675 (6.19)
SFr 1.5535 (1.5595)
Y152.6 (153.6)
Dollar index 104.2 (104.1)
Tokyo close Y153.48

US LUNCHTIME RATES
Fed Funds 6.0%
3-month Treasury Bills: yield 5.79%
Long Bond: 100 13/64 yield: 7.48%

GOLD
New York: Comex April latest $404.7
London: $404.75 ($410.0)

STERLING
New York lunchtime $1.573
London: $1.575 (1.588)
DM 2.9175 (2.955)
FFr 9.715 (9.83)
SFr 2.4475 (2.475)
Y240.25 (244.0)
Sterling index 71.6 (72.3)

LONDON MONEY
3-month interbank: closing rate 9⅜% (same)

NORTH SEA OIL
Brent 15-day April (Argus) 417.875 ($17.775)

STOCK INDICES
FT Ord 1,583.9 (+5.9)
FT-A All Share 997.23 (+0.5%)
FT-SE 100 2,000.0 (+10.3)
FT-A long gilt yield index: High coupon 9.23 (9.24)
New York lunchtime: DJ Ind Av 2,263.92 (−3.42)
Tokyo: Nikkei 21,497.95 (+27.75)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 9; France FFr 6.50; W Germany DM 2.20; Ireland 60p; Italy L1,600; Malta 30c; [illegible] nds Fl 3; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden [illegible]; Switzerland SFr 2.20.

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OVERSEAS NEWS

Soviets harden line on short range missiles

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE SOVIET UNION has hardened its opposition to including constraints on shorter-range missiles in any agreement to eliminate intermediate nuclear forces (INF) from Europe, according to Western officials.

In particular, Moscow has made it clear in the U.S.-Soviet arms control negotiations in Geneva over the past 24 hours that it is withdrawin gits offer to freeze shorter-range missiles with a range of 500 km to 1,000 km.

The problem of short-range missiles has begun to loom large in negotiations as prospects for an agrement on abolition of medium-range nuclear weapons in Europe—Soviet SS-20s and US Pershing 2 and Cruise missiles—have improved.

Some of the euphoria created by Mr Mikhail Gorbachev's statement on February 28 that he was prepared to break the link he had previously established between an INF agreement and accords on strategic and space weapons has already been dissipated as the two sides begin to examine the fine print.

Both the US and the Soviet Union still agree that they want to get rid of all medium-range weapons in Europe over five years, but the West insists that constraints on shorter-range weapons must form part of the deal.

However, as Mr Viktor Karpov, the head of the Soviet Foreign Ministry's arms control department, made clear in London last Thursday, Moscow refuses to contemplate a package deal which would make an agreement on short-range weapons a pre-condition for an INF accord.

Instead, the Soviet Union is propssing "parallel" negotiations on shorter-range weapons, which would be held at roughly the same time as the INF talks. It has also offered to include in an INF treaty the immediate withdrawal of some shorter-range nuclear missiles from East Germany and Czechoslovakia.

The Soviet Union proposed at the Reykjavik summit last October that both sides should freeze short-range missiles at their current levels as a prelude to their reduction and eventual elimiantion.

The US, however, made a counter-proposal in Geneva last week that the two sides should estabush equal ceilings for short-range missiles at around the present Soviet level, which would allow Washington to increase its force of shorter-range missiles. Behind the US position is the fear, particularly among European allies, that eventual elimination of both medium and short-range nuclear weapons would leave Europe exposed to Soviet superiority in conventional forces.

Italians reduce official discount rate to 11.5%

BY JOHN WYLES IN ROME

THE ITALIAN authorities yesterday reduced the official discount rate by half a percentage point to 11.5 per cent in a cautious move which still leaves real interest rates in Italy higher than in most other European countries.

The rate has been held steady at 12 per cent since May 26 despite a fall in the underlying rate of consumer inflation from more than 6 per cent to 4.5 per cent.

Since then, however, the Bank of Italy and the Treasury wanted to avoid any difficulties in financing Italy's large public sector deficit amounting to 14 per cent of Gross Domestic Product.

The statement announced the imposition of a new reserve requirement on Italian banks in response to growing credit demand from abroad.

They will be required to hold in reserve 25 per cent of their average monthly foreign currency holdings, net of reinvestments abroad and onward lendings to other credit institutions.

Chernobyl team to be put on trial

By Patrick Cockburn

THE SOVIET UNION is to put on trial the men accused of being responsible for the disaster at the Chernobyl atomic power plant in April

Mr Andronik Petrosyants, head of the State Committee for Atomic Energy, said yesterday that court proceedings would start soon in Kiev, capital of the Ukraine.

He was unable to name the men accused of allowing one of the Chernobyl reactors to explode. "All I can say is that the court will meet soon in Kiev," Mr Petrosyants said.

The Soviet Union, at an international meeting in Vienna last year, blamed the disaster at Chernobyl on human error and design weaknesses in the RBMK-1000 atomic reactor.

It said operators had shut down safety mechanisms in violation of regulations, in order to complete an experiment.

Mr Petrosyants said that the Soviet Union was now satisfied with the overall safety of the Chernobyl type reactors.

He added that out of the four reactors at Chernobyl, two were operating at full power, the third would restart in the second half of this year, and the fourth, which had exploded in 1986, was now encased in concrete.

Another two reactors are to be built at the same site.

Mr Frederick Bernthal, an American specialist in nuclear power and a member of the US Nuclear Regulatory Commission, who visited Chernobyl recently, said that an inspection of the damaged reactor showed that "emission of radiation into the atmosphere was very low."

The Soviet Union had not yet completed some of the modifications to the Chernobyl-type reactor, but that an accident was now much less likely to occur.

The quality of the staff had been improved and it was now impossible to withdraw the control rods from the reactor beyond a certain point.

Chad town bombed

Libya led three bombing raids on Thursday night on the northern Chadian town of Fada, Chad radio reported, AP writes from Abidjan.

Steven Butler and Wong Sulong look at a crisis which has hit an oil-rich state

Mahathir lets Sarawak rivals fight it out

FEW PLACES in the world can claim to match the cultural diversity of Sarawak, the oil- and timber-rich Malaysian state on the island of Borneo.

In Iban jungle longhouses, it is considered perfectly normal for women to appear in public naked to the waist. Yet in cities, just a few miles away, out of a sense of Moslem modesty, Malay women often cover themselves except for the hands and face.

The races and cultures of Sarawak have lived in relative harmony for some time now, but in the state's current political upheaval, questions are again being raised over whether this will last.

The crisis erupted unexpectedly last Tuesday when Tun Rahman Yakub, uncle of Dato Taib Mahmud, the Chief Minister, staged the classic East Malaysian political coup.

He succeeded in getting 28 of the 48 State Assemblymen to Kuala Lumpur, put them *incommunicado* in a luxurious hotel and demanded Taib's resignation.

But the Chief Minister has quickly turned the tables on the rebels by getting the Governor to dissolve the Assembly and call for snap elections.

Under the constitution, the election commission will have to fix polling within 98 days.

Dato Taib will have the enormous advantages of incumbency during the election campaign, and three of the four parties in the ruling coalition are still firmly behind him, even if individual assemblymen have defected.

The election will place an enormous financial burden on the rebels and some must surely be reconsidering whether it is not too late to reverse their action and save their political careers.

Without the backing of the established party machinery, winning the election will be doubly difficult for them.

The political crisis stems first and foremost from a family dispute between the Chief Minister and his uncle, Tun Rahman, the former Chief Minister who passed the baton of power to his nephew in 1981.

Friction grew as Dato Taib used the powers of office to set up his own network and gradually cut off the friends and associates of the uncle.

But beyond such issues is the phenomenon of rising Dayak nationalism. The coming election will be crucial to the Parti Bansa Dayak Sarawak (PBDS) which was part of the ruling coalition that supported Dato Taib but has now split away.

Founded in 1983, at the time of the last State Assembly

elections, it is the first Sarawak party formed explicitly on racial lines.

While other major Sarawak parties receive support from one group or another, they are still multi-racial and this has helped defuse potential friction in the state.

Out of Sarawak's 1.5m population, a third are Dayaks, 30 per cent Chinese, 20 per cent Malays, and the rest other natives.

The image of Dayak life is rather firmly set in the Western mind. The Ibans, the largest sub-group of Dayaks, live mainly in communal longhouses in the jungle.

They are the descendants of Borneo's famed headhunters who chased their prey with blow pipes and poisoned darts. A motley collection of smoke-blacked skulls still grace the beams in common areas of their long homes-on-stilts.

Educated Dayaks are voicing increasing complaints that although they are defined as *bumiputras*, or "native" under Malaysian law, they have not received the same kind of benefits that have accrued to the Malays.

Leaders of the PBDS are voicing complaints about the status of the Iban language, problems of defining traditional land rights in a modern setting, and the impact of extensive logging on the interests of people who live in the forest.

Logging destroys hunting and farming grounds, pollutes rivers and leaves the Ibans with nothing, the leaders say.

This can be especially cruel when groups of Ibans have tried and failed to obtain their own timber concessions and have watched these flow to businessmen with connections.

The Dayaks yearn for a chief Minister from their own race and look towards neighbouring Sabah where the Kadazans have succeeded in having one of their own appointed head of government.

The PBDS is articulating a groundswell of discontent among the Dayaks, but it had not suceeded, so far, in galvanising the bulk of Dayak support behind it.

The rebels under Tun Rahman have opposed the snap election on the grounds it will fan tension in Sarawak. This feat may still be premature and their real concern may be the enormous expense of the campaign and the difficulty of winning.

Yet the growing racial and cultural consciousness among the Dayaks is sure to emerge as a major theme of the campaign.

As in so many previous political battles in East Malaysia, the role of the Federal Government is often crucial in deciding the outcome.

But this time, Dr Mahathir Mohamad, the Prime Minister, has indicated his neutrality. He has heard the views of the two rival camps seeking his support, and told them to fight it out democratically and constitutionally, winthout jeopardising the security of the state.

Observers say Dr Mahathir himself is facing a strong challenge in the April elections of his ruling Unite dMalays National Organisation, from Tengku Razaleigh, the Trade Minister, and does not want to get drageo into anotner political minefield.

Yeutter sees dangers in trade bill plans

BY LIONEL BARBER IN WASHINGTON

MR CLAYTON YEUTTER, US Trade Representative, yesterday welcomed the rapid progress being made in Congress on a trade bill, but said that many lawmakers were still backing legislation containing "very dangerous provisions."

He said the Reagan administration still had major problems with some details in a promising bill emerging from the House Ways and Means Committee, primarily responsible for drafting trade law in the lower chamber.

He warned about provisions limiting the President's wide discretionary powers on when and how to retaliate against unfair trading practices, saying current trade laws were "fundamentally sound."

Mr Yeutter's comments in a speech to the Heritage Foundations are part of the manoeuvring on fashioning a trade bill this year aimed at reducing the 1986 trade deficit of $170bn.

The Democrat-controlled House of Representatives is making rapid progress on a Trade bill giving President Reagan explicit powers to retaliate against unfair trade practices. A key trade panel on the House Ways and Means Committee has approved measures which would make it easier for US industries to win relief from imports and would provide more government aid to workers who lose their jobs due to imports.

One important issue remains unresolved: a move by Mr Richard Gephardt, the influential Democrat and Presidential candidate, to single out for retaliation countries such as Japan which have large trade surpluses with the US. The provision does not, however, name these countries.

Cars power further boost in US industrial output

BY LIONEL BARBER

STRONG CAR production powered a 0.5 per cent rise in US industrial production last month, the fifth straight monthly rise, the Federal Reserve reported yesterday.

Further favourable economic news came when the Commerce Department said that manufacturers' and trade inventories rose a seasonally adjusted 0.9 per cent in January, the sharpest gain since July 1979, a sign that businesses are replenishing their stocks

Inflationary pressures also appear to be settling down after the big petrol price rises caused by the firming oil price early this year. Wholesale prices increased a bare 0.1 per cent last month, according to the Labour Department's producer price index.

Petrol prices rose 5.5 per cent in February, compared to a 15.7 per cent rise in January, the biggest rise on record. Food prices fell 0.5 per cent, while prices for cars and light trucks fell 3.4 per cent and 1.3 per cent respectively.

Production of durable consumer goods advanced 2.3 per cent last month largely fuelled by the motor vehicle industry. The Fed cautioned, however, that vehicle assembly—running at an annual rate of 8.3m in February—is likely to be lower this month.

The Fed said that in most other industrial sectors, only small production gains were registered.

Rotterdam port strike called off

The Dutch port and transport union FNV yesterday called off strikes again redundancies that have hit Rotterdam port's general cargo sector for eight weeks, Reuter reports from Rotterdam.

The decision followed a ruling yesterday by an Amsterdam court preventing the sector's employers continuing with plans for 350 redundancies this year until the court sits again on May 7.

The court ruled the employers had made a mistake in the complex legal procedure for obtaining official permission for the reduncies, and therefore could not proceed.

Greenland poll

Greenland's home rule Prime Minister, Mr Jonathan Motzfeldt, was preparing last to call an election in May following the break-up of his coalition government as the result of a quarrel over the modernisation of the US radar facility at Thule in north west Greenland, Hilary Barnes in Copenhagen.

N-plant closed

West German authorities said yesterday they had ordered the closure of a section of a nuclear fuel rod plant after a worker was exposed to highly-radioactive plutonium last month, Reuter reports from Wiesbaden.

Attache recalled

South Africa has recalled its Naval attache Captain Nicolas Vorster from Washington, fearing he would be expelled by the US over his involvement in the purchase of US military manuals, a State department official said yesterday, AP reports from Washington.

Canada appointment

Canadian Prime Minister, Mr Brian Mulroney, under fire to bolster his government's sagging fortunes, yesterday appointed a career diplomat Mr Derek Burney as his new chief of staff, in the latest of a series of changes among top aides, Reuter reports from Ottawa.

Brazil pay deal

Two small shipping companies reached a pay agreement yesterday with striking seamen, but union leaders said the overwhelming majority of Brazil's 40,000 seamen were still on strike. A union spokesman said seamen had accepted a 120 per cent pay offer, Reuter reports from Sao Paulo.

Marcos 'may return'

Philippine President Mrs Corazon Aquino was quoted in a Kuwaiti newspaper yesterday as saying ex-President Ferdinand Marcos could be allowed to return to the country if he showed self-restraint and co-operation, AP reports from Kuwait.

France cuts deficit by FFr 12bn

BY GEORGE GRAHAM IN PARIS

FRANCE CUT its budget deficit last year by FFr 12bn (£1.2bn) to FFr 141.1bn, the Finance Ministry said yesterday, undershooting its 1986 budget target by FFr 4bn.

The reduction cuts France's deficit to 2.87 per cent of Gross Domestic Product, the lowest figure since 1982. In 1985, the deficit represented 3.35 per cent of GDP.

The improvement in the state's finances represents an important boost for the Government of Mr Jacques Chirac, which is committed to cutting taxes by FFr 50bn over two years. The 1987 budget included tax cuts of FFr 27bn.

The Government has also tried to improve the state of its balance sheet by repaying some of its accumulated debt charge.

This year, it will be helped in this by the unexpected success of its privatisation campaign, receipts of which are to be used partly to increase the capital of still-nationalised companies and partly to pay off the national debt.

In 1986, however, only FFr 4bn of privatisation receipts were turned over to the reduction of the national debt, somewhat less than expected.

The reduction of the Government debt is seen as particularly important because it eases the access of non-government borrowers to the bond market, at a time when a large proportion of French savings are being channelled away from the bond market into the equity market in pursuit of shares in the privatised companies.

Total government spending last year rose by 6.1 per cent to FFr 1,228bn, while receipts rose faster, climbing by 7.3 per cent to FFr 1,076bn.

The deficit target in the original 1986 budget was FFr 145.3bn, but this was cut back to FFr 144bn in July last year by the incoming Chirac Government. It was then cut back further to FFr 143.6bn at the end of the year.

France has repaid FFr 22m (£2.2m) of the money it borrowed from the European Monetary System's central fund to defend its currency in January. The French authorities borrowed FFr 33.9m from the European Monetary Co-operation Fund when the French franc came under pressure in the foreign exchange markets before the realignment of the EMS on January 12.

W German states in private TV pact

BY ANDREW FISHER IN FRANKFURT

WEST GERMANY'S 11 regional states have reached a breakthrough agreement at the 16th time of trying which will give private television stations a proper legal basis for broadcasting over the whole country.

Under the agreement announced in Bonn, private networks will now have access to a direct broadcasting satellite (TVSat1) due to be launched in August.

It also means that for the first time, new private and existing public networks can operate under a nationwide regulatory system.

The private stations, which at present use a weaker telecommunications satellite and have not been able to broadcast freely in all states (Länder), have long pushed for such a deal, so that they can plan their investments properly.

The agreement reached by the Länder heads will be formalised in a new state media contract to be signed on April 3. This will guarantee a uniform development of broadcasting in Germany, which has operated since World War II under a system aimed at preserving democracy and avoiding monopoly.

The agreement provides for two of the channels on TVSat 1 —to be launched by the Bundespost in August after many delays—to be made available to private stations. The other two will go to existing public stations.

The two private stations are Sat 1, a cable network owned by a number of newspaper publishers, and RTL Plus, a joint venture between the Luxembourg network RTL and Bertelsmann, the German publishing and music group.

Both groups currently broadcast on a growing cable network begun by the Bundespost in 1982. To meet the extra costs of the enlarged TV system, the licence fee—DM195 a year—will go up by 2 per cent to raise some DM 80m (£27m).

Rift in Mexico's ruling party widens

BY DAVID GARDNER IN MEXICO CITY

THE RIFT inside Mexico's Institutional Revolutionary Party (PRI) caused by this week's de facto expulsion of Mr Cuauhtemoc Cardenas, has widened further with publication yesterday of a fresh attack on the leadership by Mr Porfirio Munoz Ledo, a former party president.

Mr Munoz Ledo, a co-leader with Mr Cardenas of the Democratic Current inside the ruling party, linked the PRI crackdown on dissidents to the foreign debt negotiations expected to be concluded in New York next Friday. Mexico is expected to reach agreement with commercial banks on a $7.7bn (£5.5bn) new finance facility.

"It has become customary on the eve of financial renegotiations to exhibit an apparent political monolith to our creditors," Mr Munoz Ledo, who is also a former labour and education minister, said.

"Lacking in real argument" to justify pay[illegible] for "unlimited indebtednes[illegible] the government offers "a[illegible]tarianism as its guarante[illegible] payment," he claime[illegible]

The [illegible]ocratic Current, which has [illegible]alled for a democratisation [illegible]f the PRI, has also sought to li[illegible]mit Mexico's foreign debt servic[illegible]e to a percentage of its export[illegible]. Peru has unilaterally set a 10 per cent ceiling on its repayments.

Mr Munoz Ledo claims that these and other policies put forward by the Democratic Current won resounding support at the committee stage of last week's PRI National Congress, despite what he alleged was the leadership's "attempt" to "hide this behind a curtain of anachronisms and vague threats."

Mr Cardenas meanwhile has chosen to ignore his expulsion, which took the form of a statement by the PRI executive advising the party that he had chosen "not to collaborate further" with it.

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Rank Xerox set to sell South African arm

BY JIM JONES IN JOHANNESBURG

RANK XEROX, the 51 per cent owned British subsidiary of Xerox Corporation, is at an advanced stage in negotiations to sell its wholly owned South African arm.

Mr David English, Rank Xerox's Johannesburg managing director, said yesterday that any divestment would be the result of pressure on the American parent company, as Rank Xerox is happy with the trading performance of its R120m (£37m) South African subsidiary.

Rank Xerox does not disclose its South African subsidiary's annual profits, but they are about R10m after tax.

Mr Stuart Chalfen, Rank Xerox's legal director, has been in Johannesburg several times in the past two months to negotiate the sale of the South African subsidiary to Fintech, the computer arm of the Altech electrical and electronics group.

According to unofficial sources, the sale is likely to be at a price of about R80m.

In Johannesburg yesterday, Mr Clive Jandrell, Fintech's chief executive, was reluctant to comment on the negotiations, saying they were at a crucial stage and that "political issues are involved."

Mr English said that negotiations included arrangements for Rank Xerox to continue serving its South African customers, to whom it is "contractually bound for five years" and to continue providing employment for South Africans.

Two extreme-right South African parliamentary candidates said on Thursday night that their parties would resort to violence if necessary to preserve white rights, AP reports from Johannesburg.

The statements were made at separate election rallies in Cape Town and Grahamstown following the breakdown of efforts to form an alliance between the far right Conservative Party (CP) and the Herstigte Nasionale Party

"The Kodak option is not available to us," he said. When Kodak disinvested recently the company closed its South African business, dismissed its employees and prohibited its worldwide subsidiaries from selling its products to South Africa.

If the sale were to go ahead, Rank Xerox would become the second major British company to divest from South Africa this year. In February, Leyland sold its motor manufacturing operations to local managers.

The largest British company to withdraw has been Barclays, which sold its 40 per cent interest in Barclays National Bank to Anglo-American Corporation and its associates for R527m.

Others which divested wholly or partly last year were Turner & Newall, Allied Colloids, and Macmillan (the publishing company).

Calm restored in Nigeria in wake of religious riots

NORTHERN NIGERIA was reported calm by the authorities yesterday as the known death toll in several days of religious rioting rose to 13, Reuter reports from Lagos.

Christian leaders were preparing to fly to Kaduna state to inspect gutted churches and other religious buildings attacked by mobs of young Moslems.

State radio said there had been no incidents since midnight on Wednesday, when joint army and police patrols imposed a dusk-to-dawn curfew.

The radio said two bodies were found in Kaduna City yesterday, bringing to 13 the number of people killed since the clashes in the mainly-Moslem north began last weekend.

Hundreds of rioters, mainly youths, were under arrest. Police headquarters in Lagos said 489 people had been detained, 399 of them picked up in the university city of Zaria.

However, the senior army officer in Kaduna said on Thursday that 360 rioters had been arrested in the city and many more in other parts of the state. Brigadier Peter Ademokhai also warned that anyone caught setting fire to buildings or vehicles would be shot.

The trouble began with fighting between Moslem and Christian students in Kafanchan last weekend and quickly spread to other cities. Colleges and universities have been closed throughout the state.

Zimbabwe growth 'to slow'

BY TONY HAWKINS IN HARARE

ZIMBABWE'S ECONOMY will this year grow below the 5.1 per cent forecast in the 1986-90 five-year national development plan, the Reserve Bank said.

The country's central bank said in its latest quarterly economic review that exports had to increase and inflows of foreign investment accelerate if the growth objectives of the plan were to be achieved.

Real growth in the Zimbabwe economy slowed from 9.3 per cent in 1985 to less than 1 per cent in 1986 because of low world prices for major exports of metals and agricultural products.

The balance of payments position deteriorated from an overall surplus of $200m (£122m) in 1985 to a "more or less balanced position" in 1986, the bank said.

Japan falls into line on export credit rules

By Peter Montagnon, World Trade Editor

JAPAN yesterday told the Organisation for Economic Co-operation and Development (OECD) that it will accept new international rules designed to limit the use of tied aid with export credits.

The new rules, which will make such credits more expensive, will hit Japan particularly because they change the formula for calculating the cash value of such aid which currently favours countries with low interest rates.

Japan had held out against them right up till the deadline for decision imposed by the OECD for this weekend and agreed to the changes only after fierce internal debate.

Two other low interest rate countries — Switzerland and Austria — are also still holding out against the changes and the OECD is therefore unlikely to announce formal international agreement on the changes until early next week.

However, Japan's acceptance, which was delivered with only minor technical reservations, has removed what many trade officials saw as the largest remaining obstacle.

Under the rules, the minimum level of grant attached to export credits is to be raised in two stages to 35 per cent by July next year from 25 per cent at present. This will make such tied aid more expensive and should deter countries from competing unfairly for business in the developing world by offering aid subsidies on traditional export credits.

The changes have provoked opposition from British exporters, however, who argue that they do not go far enough.

The UK Export Group for the Constructional Industries calculates that the new formula would make it 3.8 times more expensive for Japan to attain the minimum concessionality as it is at present, but this could still be achieved at a cost of 61 per cent less than that which Britain will face.

Britain to give India £100m mining aid

By Peter Montagnon

BRITAIN IS to provide India with aid totalling over £100m during the next five years to help finance development of its zinc and coal mining industries.

Under agreements signed in New Delhi yesterday, Hindustan Zinc, a state sector company, will receive up to £73.65m to develop a major zinc and lead mine with an associated smelting complex at Rajasthan in north-west India.

Separately, a £31m grant is being made to the coal sector.

Hindustan Zinc will use £55m of its grant to buy goods and services from Britain, while the remaining money will go towards approved local costs and studies to monitor the project, including its environmental impact.

Negotiations for the basic triggering work are now well advanced with Davy McKee. Once completed, the project will account for 44 per cent of India's zinc output.

The coal grant comes on top of a recent promise by the UK to make up to £52m available to develop a mine at Ghusick in West Bengal.

It will be spent on a list of projects to be determined by Britain's Overseas Development Administration and the Indian authorities, mostly involving the introduction into India of British-designed mechanised longwall mining technology.

A row has broken out over moves to trim a TV news budget, **William Hall** reports

Anchorman takes on the CBS cost cutters

If he is not careful, Mr Dan Rather, the most highly paid—$2.5m (£1.7m) a year—TV news anchorman in America, may soon be looking for a new job.

Last week Mr Larry Tisch, the new chief executive of CBS, sacked 215 of Mr Rather's colleagues at CBS news in a bid to trim a news budget which has nearly quadrupled to $300m over the past eight years.

Mr Rather was not pleased, and leaped into print in the New York Times a few days later with a damning attack on Mr Tisch, a wealthy financier and CBS' biggest shareholder.

"Let's get one thing straight. CBS Inc is not a chronically weak company fighting to survive. CBS Inc is not on the skids. CBS Inc is a profitable, valuable Fortune 500 corporation whose stock is setting new records.

"But 215 people lost their jobs so that the stockholders would have even more money in their pockets," wrote an angry Mr Rather in the New York Times.

The CBS Evening News, which for years was the most widely admired and watched US television news programme and the home of famous newsmen such as Edward R. Murrow, Walter Cronkite and Eric Severeid, has slipped behind some of the competition recently, and Mr Rather is well aware of the financial pressures facing CBS.

Dan Rather . . . concern over "just another business venture"

But he is concerned that CBS's new owners regard the company's famous news department as just another business venture.

Mr Rather, who according to his critics used to travel overseas "with an entourage that would have made Cleopatra comfortable," says that working at CBS News is "more like joining a religious order than getting a job."

He sees his type of news programme as "a beacon that helps the citizens of a democracy find their way."

Woe betide any cost-cutting Wall Street financier who tries to trim CBS' legendary news-gathering machine!

Mr Walter Cronkite, Mr Rather's famous predecessor who now sits on the CBS board of directors is less critical of the cuts at CBS and says that he thinks the "necessity of getting the fat out of the budget is definitely there." His only quarrel is with the way the cuts were handled.

It seems that the honeymoon between Mr Tisch and the employees of America's biggest broadcasting company has come to an end. Last September, he was hailed for helping CBS avoid a humiliating takeover by Mr Ted Turner, the cable TV entrepreneur from Atlanta.

Today, Mr Tisch is being blamed for "insensitivity" and the state of morale at CBS. Mr Lem Tucker, a Washington correspondent of CBS, told the Washington Post that the staff cuts were like nuclear war, "where the survivors envy the dead."

Mr Fred Friendly, a former president of CBS news and now professor of broadcast journalism at Columbia University in New York, is highly critical of the financial figures now run[ning] the big three US TV net[works] — CBS, ABC and NB[C].

"They think it is just anoth[er] business to be traded like ho[g] bellies. It is not," says M[r] Friendly who likens the opera[tion] of a major US TV networ[k] news department to the run[ning] of "a great national par[k] or university."

"What Mr Tisch and h[is] opposite numbers don't under[stand] is that on days such a[s] November 1963 when th[e] country almost fell apart durin[g] the dark days of the assassin[a]tion of President Kennedy, [it] was the networks that held th[e] country together."

Mr Friendly believes that [if] the new owners of the US tel[e]vision networks keep cuttin[g] back their news department[s] "we are going to end up with n[o] central nervous system wi[th] which to communicate in [the] nuclear age when destruction [is] just a button away."

That said, Mr Friendly be[lieves] that Mr Rather and h[is] colleagues at the other majo[r] networks should take a pay c[ut] to help save jobs lower dow[n] the organisation.

"The anchorman who is wor[th] $1m, $2m or even $3m has n[ot] been invented," says M[r] Friendly.

Kidnapped Mitsui chief may be freed soon

BY RICHARD GOURLAY IN MANILA

THE CHIEF executive in Manila of Mitsui Corp, one of Japan's largest trading companies, who was kidnapped four months ago by unknown gunmen, is alive and could be released soon, the head of the Philippines' Roman Catholic Church, Jaime Cardinal Sin, said yesterday.

The Cardinal said priests and nuns were visiting Mr Nobuyaki Wakaoji and his kidnappers regularly with food and medicine and that he was well. But the announcement has only marginally raised hopes in Manila's nervous Japanese community that Mr Wakaoji will soon be released.

Since he was snatched from his car on November 15 20 miles from Manila, there has been a growing frustration among Japanese businessmen

Many Japanese residents say the Philippines Government has been slow in co-ordinating efforts to find Mr Wakaoji, free him or discover who is behind the kidnapping.

A Mitsui spokesman denies the company has received any ransom note.

The kidnapping soured relations between Tokyo and Manila shortly after President Corazon Aquino visited Japan in November

As well as seeking increases in aid, Mrs Aquino was trying to "sell" Japanese businessmen on the attractions of the Philippines for investors.

Last week, Mrs Aquino said the Wakaoji kidnapping had adversely affected the pledges made to her in Japan, but gave no details. She also formally protested against the Japanese Government's blacklisting of Manila for tourists, which has sharply curtailed the number of tours to what has been a traditional Japanese playground.

The Japanese Embassy in Manila yesterday issued a statement denying Tokyo has slowed down its aid disbursements which are set to be about $700m (£46m) this year.

The Japanese Government was pleased if the Roman Catholic Church were now in touch with the kidnappers, it added.

Australian price moves could herald poll

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S Labor government, with one eye on a possible early general election, yesterday announced a series of measures intended to combat price rises.

The move, unveiled by Mr Bob Hawke, the Prime Minister, involves the creation of a new Bureau of Consumer Affairs headed by a minister and expanded work for the prices surveillance authority.

The decision appears to reflect worries over Australia's rising inflation rate, which currently stands at just below 10 per cent. It also suggests a shift away from a reliance on market forces in the economy and towards more intervention.

In fact it is unlikely the measures will have any major direct impact, not least because economists are predicting a fall in the inflation rate anyway as the effects of the depreciation of the Australian currency work through the economy.

In recent weeks the dollar has actually strengthened, raising the additional attractive prospect of a possible decline in domestic interest rates—another potentially important electoral issue.

In the past few days, the government has gone out of its way to assure home owners that the interest ceiling on their borrowings of 13.5 per cent—well below current prime rates of 18 per cent—will continue. The subsidised rate applies to those who bought their homes before April last year.

The government does not have to call an election before April next year, and hitherto has been inclined to look towards March 1988 as an election date, when its economic measures should be producing better results.

But it has kept its options open for an early poll, either before or after a mini-budget budget scheduled for May.

Wellington's deficit swells by NZ$1.9bn

By Dai Hayward in Wellington

NEW ZEALAND'S budg[et] deficit has swollen to almo[st] NZ$2bn (£694m) more tha[n] was forecast last year.

Figures for the 10 months [to] January 31 show a deficit [of] NZ$4.3bn compared with th[e] budget forecast of a deficit [to] March 31 of NZ$2.4bn.

But the Government ha[s] spent another NZ$2.29bn on [a] refinancing programme f[or] what are known as the "Thin[k] Big" projects, mainly in th[e] energy field, which were estab[lished] by the previous gover[n]ment.

This pushes the governmen[t] debt to NZ$6.6bn but Mr Roge[r] Douglas, Finance Minister, say[s] this extra is not regarded [as] part of normal governmen[t] spending.

Mr Douglas says the NZ$4.3b[n] deficit is on target and [is] "tracking well" alongside th[e] Government's end-of-year fore[cast].

He has repeated hin[ts] dropped by Mr Trevor d[e] Clene, Under - Secretary [in] charge of taxation, that th[e] Government's tax income woul[d] be much higher than expected.

Taxation receipts from indi[vi]duals are 18 per cent highe[r] at NZ$6.9bn

Argentine N-fuel may go to Iran

By Tim Coone in Buenos Aires

ARGENTINA MAY supply Iran with enriched uranium to charge a small research reactor in Tehran.

Mr Abel Gonzalez, president of Argentina's state-owned nuclear reactor construction company Enace, said this week that Iranian authorities had approached the International Atomic Energy Agency (IAEA) for supply of 20 per cent enriched uranium. The reactor used to be operated on 90 95 per cent enriched uranium supplied by the US before the fall of the Shah in the 1979 revolution.

As a manufacturer of small quantities of enriched uranium, Argentina had been approached by the IAEA as a possible supplier, Mr Gonzalez said. If a deal were agreed, the enriched uranium would be sold to the IAEA, which in turn would sell it to Iran.

Mr Gonzalez said that the Iranians apparently wanted the entire operation to be under IAEA supervision. Reduction in the enrichment level of the uranium being used in the reactor was to bring it within IAEA safeguards.

Last week Enace, as the leader of four Argentinian companies, joined an international consortium to bid for the completion of the 1,000MW Bushehr 1 nuclear power station in Iran. Included in the consortium are Kraftwerk Union (KWU) of West Germany (which owns 25 per cent of Enace) and Empresarios Argupados of Spain.

Mr Gonzalez confirmed that the consortium's proposal would shortly be presented to the Iranian atomic energy authority, although he would not give details of the likely size of the contract involved.

The original contract with KWU was worth some US$10bn, and much of the equipment was already paid for.

Work stopped after the 1979 revolution, but negotiations resumed last year about completing the project. Ninety per cent of the structural work has already been completed and remaining work is primarily concerned with installing the reactor and ancillary systems.

UK NEWS

Cable TV groups seek live London channel

By Raymond Snoddy

CABLE TELEVISION operators in London are seeking their own microwave frequencies to run a live London channel of local news and magazine programmes.

The cable companies have decided to challenge the British Telecom-Mercury Communications telecommunications duopoly and apply for their own microwave frequencies to exchange programmes between different franchises.

Croydon Cable, the multi-channel franchise in south London, has applied to the Trade and Industry Department asking for unused video microwave frequencies in the 14 gigahertz band, to be allocated by the end of this month. Until 1990 only BT and Mercury have the right to such frequencies.

Mr Alan Robinson, managing director of Croydon Cable, asked yesterday why, with newspapers springing up in the capital, there should not be a new local television service.

"We are already producing our own local programmes in Croydon. Other cable systems in the capital could do the same. The present duopoly prevents us exchanging live programming. This is silly and unnecessary," Mr Robinson said. He said that BT's charges for microwave links were too high for cable operators.

Croydon says it has the support of the main four other cable television franchises in the London area: Westminster, Ealing, Docklands and Windsor.

Mr Jon Davey, director general of the Cable Authority, the body which regulates the cable industry, said he was taking an active interest in the idea.

The aim would be to set up a London channel which could be shown on all the cable networks in the capital.

Croydon, which has more than 3,000 subscribers, already runs its own local channel, called Crystalvision, but would like a joint-run channel carrying news and magazine items from all over London. Microwave links could also be used to exchange programmes for ethnic minorities already being made by cable operators, and for schools programmes.

Meanwhile, the Cable Authority is investigating the possibility of using microwave transmitters to broadcast cable programmes over the air in local areas.

Such a plan would increase the size of the audience for cable television channels. The authority is, however, concerned that what is known as Multi-Microwave Distribution (MMDS) should not supplant the laying of cable networks.

Permission from the Home Office and the DTI would be required before MMDS services could be launched in the UK.

Royal Assent for rate acts

THE LOCAL Government Finance Act 1987, which confirms existing practice in calculating relevant and total expenditure received Royal Assent on Thursday. The calculation is used for rate support grant and rate limitation purposes.

The act includes provisions enabling the existing practice to continue and it validates past decisions on rate support grant and rate limitation. It also provides for rate and precept limits for 1987-88 to be set by formula.

The Rate Support Grants Act 1987, abolishes grant recycling —the procedure whereby unclaimed block grant is redistributed to all local authorities. It also received the Royal Assent.

The act, which covers England and Wales, allows the total block grant payable to local authorities to increase or decrease according to what they spend.

Any underclaim against the total grant made available in the RSG settlement (because of higher spending than anticipated) will not be shared among authorities. Conversely, any extra entitlement due to authorities spending less than expected will be made available from the Exchequer.

Chris Sherwell reports on the Australian court's judgment allowing publication of a former MI5 agent's memoirs

Spycatcher's success deals severe legal blow to Government

THE 288-PAGE Australian court judgment in the MI5 spy members case delivered yesterday by Mr Justice Philip Powell is a severe legal defeat for the British Government at the hands of Mr Peter Wright and his publisher, Heinemann Australia.

After 18 months of legal wrangles and five weeks of hearings in the New South Wales Supreme Court, Mr Powell threw out the British Government's suit seeking to suppress Mr Wright's memoirs as a former agent of MI5, the British security and counter-intelligence service.

He also ordered the British Government to pay costs — estimated at about £500,000 — and left the way open for Mr Wright and Heinemann to seek damages because of the delays in publication caused by the case.

As if to entice the Government not to appeal — it has 28 days to decide — Mr Malcolm Turnbull, Mr Wright's youthful lawyer, yesterday repeated an earlier offer to discuss contentious parts of the book. An appeal is all that stands in the way of publication.

Mr Powell's judgment, though written in a complex legal style, deals clearly and decisively with each important point raised by the case, and will go down as an important reference on the controversies which have so often and so embarrassingly engulfed Britain's secret world.

It also documents in full detail the story of the struggle by an elderly and obsessive former spycatcher to have his point of view accepted by officialdom and heard by the public — a point of view which goes to the heart of the debate over Britain's national security.

In their essence, Mr Powell's main conclusions rest on four key arguments:

● Mr Wright's relationship with the British Government imposed an obligation of confidentiality on him relating to information which he produced and received. However, while this was binding even now, it remained so only as long as the information itself remained confidential.

Mr Wright's relationship was not one of contract, Mr Powell says largely for the technical reason that the security service is established under royal prerogative rather than statute.

● The British Government failed to demonstrate that publication of Mr Wright's memoirs would amount to an unauthorised publication of confidential material.

Mr Powell says Mr Wright's information on MI5 operations and the technology it uses is 20 years out of date. Much of it has already been published elsewhere, and is no longer confidential.

The judge also says the disclosure of a great deal of Mr Wright's information was previously authorised or acquiesced to by the British Government.

He points specifically to the publication of earlier books, such as Their Trade is Treachery, by Mr Chapman Pincher, and the broadcast of television interviews, one with Mr Wright himself. These, he says, amounted to a surrender of any claim to the information's confidentiality.

● Britain's claim that republication by an "insider" will cause detriment "sounds decidedly hollow" in the light of the Government's acquiescence and inaction, Mr Powell says.

He says the claim gains little strength, even in relation to unpublished information, as it relates to operations — including those involving breaking and entering, burglary and breaches of international law — which occurred long ago or involved irrelevant technology.

At one point in his judgment, Mr Powell indicates he is less than impressed by accounts of these operations. He says Mr Wright discusses them in a style "more appropriate to the Boy's Own Paper or Biggles' Flying Omnibus rather than to an arid, scholarly work" analysing the success of covert actions.

● Contrary to British assertions, publication of what Mr Wright learned at MI5 would not have grave consequences for the workings of the British security services or for liaison with other services, the judge says.

At least one former director-general, Sir Dick White, has disclosed confidential information with impunity, Mr Powell says. Far from being leakproof, he goes on, "the service has, for years, leaked like a sieve."

Mr Powell, who during the public hearings of the case established a reputation for making pointed remarks from the bench, was no less sharp in his judgment yesterday.

As before, the main target was the British Government, and the key issue was the publication in 1981 of Mr Pincher's book. His was the first to reveal that Sir Roger Hollis, head of MI5 from 1956 to 1965, had been investigated as a possible Soviet double agent.

Its publication prompted a detailed statement to the House of Commons by Mrs Margaret Thatcher, the Prime Minister. In it she spoke of the Hollis case and that of Mr Anthony Blunt, the former MI5 officer whose unmasking as a Soviet agent was revealed in 1979.

Mr Wright, as MI5's chief molehunter, conducted the investigations into both the Hollis and the Blunt cases, and alleges that Mrs Thatcher's statement was materially false in a number of respects.

He repeats these allegations in his book as part of a wider claim that the British security services have been penetrated by the Soviet Union.

In his judgment, Mr Powell offers no conclusive view regarding these assertions because, for the purposes of the case before him, the British Government admitted they were true.

But he does say that Mr Wright's claims, along with others concerning alleged illegal activities by the Secret Service, support the case for publication of his memoirs.

Regarding publication of the Pincher book, Mr Powell says the fact that neither the author nor his suspected sources were approached or questioned prior to publication was "an omission which . . . I can but describe as incredible."

The British Government's failure to take any steps to obtain an injunction to prevent publication "is even more incredible." Mr Powell says he cannot accept the explanation offered and that evidence on the matter has been left "in a thoroughly unsatisfactory state."

The judge is more circumspect but still critical of Mr Turnbull's accusation that Sir Robert Armstrong, the Cabinet Secretary and chief witness for the UK Government, deliberately set out to mislead the court.

Mr Powell says of Sir Robert: "Much of his evidence on matters of importance must be treated with considerable reserve."

The Cabinet Secretary, he adds bluntly, "has no personal knowledge or expertise in matters of security and intelligence, and, in particular, as to operational maters in those areas . . . any information he might give, or opinions which he might offer, is, or are, derived from others."

Driving his point home, Mr Powell says Sir Robert's lack of expertise "cast more than a shadow of doubt" over his assertions regarding national security. This shadow was deepened, he asserts, by the Government's inconsistent observance, "if not its total failure to observe," its own policy on security matters.

At the end of the day, the judge does not accept Mr Turnbull's conspiracy theory that the failure to stop Mr Pincher's book was part of a plan to get information "into the open through the pen of a safely conservative journalist."

As he puts it, "the fact that a witness is disbelieved does not prove the opposite of what he asserted." In any event, there were other reasons for not supporting the theory.

Yet, he says in a crucial passage, the point "must be stressed: Mrs Thatcher—having been warned about Their Trade is Treachery and its contents, told of Mr Pincher's claims and his likely sources, advised of the potential damage to the security service, and been of the opinion that the book should not be published—for good reason or ill, either deliberately decided not to commence, or in any event refrained from commencing, proceedings against Mr Pincher to restrain publication" of information which the Government would claim as secret.

Main actors: Peter Wright (top left), Sir Robert Armstrong (centre), Malcolm Turnbull (bottom left) and Justice Philip Powell

Currie concerned at passive smoking risk

BY IVOR OWEN

BETWEEN 200 and 300 non-smokers may be contracting lung cancer each year through breathing in other people's cigarette smoke, Mrs Edwina Currie, Under-Secretary for Health, told the Commons yesterday.

She described this as "a matter for some concern" and said the Government would consider what action might be required after studying reactions to an interim report by the Independent Scientific Committee on Smoking and Health.

This recorded the committee's view that the four main studies investigating passive smoking in relation to lung cancer had not "unequivocally demonstrated" a causal association.

It also stated: "The findings overall are consistent with there being a small increase in the risk of lung cancer from exposure to environmental tobacco smoke, possibly between 10 per cent and 30 per cent."

Mrs Currie was more cautious than Mr Norman Fowler, her political chief, in responding to demands for tougher government action to restrict the advertising and promotional activities of tobacco companies.

On Tuesday Mr Fowler stressed that both Conservative and Labour Governments had opted for voluntary rather than statutory limits on advertising, insisting they were the most effective way to deal with the problem.

Mrs Currie emphasised that British people were giving up smoking at a rate of 3 per cent a year — more than any other country in Europe.

Mr Frank Dobson, Labour's Shadow Health Minister, pressed the Government to do something "nasty" about the advertising and promotion of cigarettes.

He reaffirmed that Labour's policy was to prohibit by statute all forms of advertising and promotion to tobacco products.

Mr Simon Hughes, Liberal member for Southwark and Bermondsey, complained that the Government was trying to serve two masters — highlighting the health hazards associated with tobacco while also making use of the revenue it produced. Ministers needed to agree on a new direction he said.

Government 'will not act over 65% rate rise'

BY IVOR OWEN

RATEPAYERS in the London borough of Ealing, who face a 65 per cent increase in their rate bills next month, cannot look to the Government for protection, Dr Rhodes Boyson, Local Government Minister, confirmed in the Commons yesterday.

He said ratepayers would have to wait until July to know whether the high-spending policies of the Labour controlled council would result in Mr Nicholas Ridley, the Environment Secretary, deciding to include it among the local authorities to be "rate capped" in 1988-89.

Dr Boyson joined two of the borough's Conservative MPs, Sir George Young and Mr Harry Greenway, in condemning the financial policies of Ealing "hard left" Labour leaders.

Letter volume record set

By David Thomas

THE NUMBER of letters posted in Britain last year increased by 6.8 per cent to 12.05bn, the largest number ever handled by the Post Office.

The continuing strong growth in letter volumes suggests that fears that the traditional letter was being undermined by developments such as electronic mail were exaggerated.

About three-quarters of the 760m extra inland letters handled last year, was extra financial and other business mail, while 23 per cent was direct mail and the rest was social.

The Post Office dealt with particularly strong growth in the autumn, when letter volumes were up about 10 per cent on the year before, and over Christmas, when 1.46bn items were posted, up 100m on 1985.

The corporation said yesterday that the rate of increase this year was running at about 6.8 per cent, the average level for 1986.

Last year the Post Office handled 46m letters a day on average.

Builder tells of work shortage

OVERALL improvements in building industry trading conditions must not be allowed to mask shortages of building work in parts of the north-east of England, Mr John Parsons, senior deputy president of the Building Employers' Confederation, said in Newcastle yesterday.

Addressing the annual meeting of the confederation's northern counties region, Mr Parsons said conditions in parts of the north-east remained very tough. He said the confederation would continue to impress the fact on the Government.

Researchers lose sight of SDI windfall

Peter Marsh on why British contracts are proving elusive

SOME 15 months after the US and Britain agreed to participate in Star Wars research, the cash bonanza which UK companies were told to expect has amounted to little more than a trickle of small change.

British companies have received contracts under the programme, the Strategic Defence Initiative, worth $18.2m (£11.5m).

This contrasts with the $7bn or so awarded to US companies working on Star Wars research into ways to destroy Soviet missiles in flight, shielding the West from nuclear attack. The US is spending $3.5bn this financial year.

In February last year, Lt-Gen James Abrahamson, head of the SDI Organisation, the Pentagon body overseeing the programme, said in London he thought British concerns would win contracts worth hundreds of millions of dollars over the next few years.

Prior to the formal agreement on Star Wars between the two countries, which was signed in December 1985, Mr Michael Heseltine, the former Defence Secretary, had indicated he expected Britain to gain about $1.5bn worth of Star Wars work by the early 1990s.

In their attempts to win large contracts, British companies have been hampered, say observers, both by their inexperience in dealing with the US defence establishment and their lack of technical expertise in tackling some of the more difficult aspects of Star Wars.

The SDI project, which started in earnest about three years ago, is expected to spend about $30bn by the end of the decade.

Much of the Star Wars work with which the UK is involved concerns theoretical studies in areas such as computer technology, needed to control an operational defensive system which would aim to shoot down missiles using either rockets or exotic devices like laser beams.

So far, British concerns have made little impression in efforts to win higher-value hardware contracts for devices such as sensors or interceptors that could be incorporated into Star Wars experiments.

Michael Heseltine (left) and James Abrahamson: forecast of work.

The $18.2m handed to UK companies is out of a total $34m worth of contracts awarded to British organisations. Of the total, $6.5m has still not been allocated and will go both to industry and Defence Ministry research establishments, such as the Royal Signals and Radar Establishment in Worcestershire.

The rest of the contracts account for work already taking place in the Defence Ministry research centres, in universities and at the UK Atomic Energy Authority's Culham Laboratory near Oxford.

Mr Chris Dain, deputy managing director of the space and defence systems division of Logica, one of Britain's leading software companies, said the volume of Star Wars contracts was "disappointing."

One problem, he said, was that the type of Star Wars contracts under discussion was much more specialised than UK contractors had expected.

Other people are more optimistic. Mr Bill Bardo, technical director of the Marconi group, part of the General Electric Company, said the programme was "still in the early phase" and that more involvement by the UK was likely.

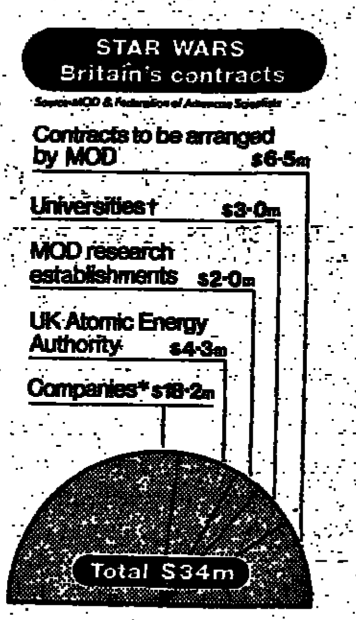
According to Mr Bardo, Marconi is conducting Star Wars studies worth about $7m, which accounts for more than a third of the total SDI contracts to UK companies. He hopes for "considerably more" in a year's time.

Mr Earle Williams, president of Virginia-based BDM International, a leading US defence contractor which is heavily involved in Star Wars, said many UK companies had experienced difficulties in "picking up speed" in a programme in which US interests were already deeply established.

According to Mr Paul Stares, a military analyst at the Brookings Institution in Washington, British concerns have encountered an in-built resistance by the US defence establishment to handing out important contracts to foreign organisations.

Mr Stares said: "I thought at the outset British companies were deluding themselves if they thought they would win big contracts and I think I have been proved right."

Mr John Pike, a space-policy analyst at the Federation of American Scientists in Washington, said it was highly unlikely that British concerns would increase significantly their involvement in the programme. While Britain had plenty of good ideas that could be contributed to technical studies, Mr Pike believed most UK companies lacked the technical expertise to work on the aspects of Star Wars which involved development of hardware for operational systems.



* Companies include GEC, Plessey, British Aerospace, Hunting, Ferranti, PA Defence Services, Logica, Scicon, Thorn EMI, Shorts, CAP, Theta Analytical, Royal Ordnance, Barr and Stroud, Racal, Software Sciences, Oxford Analytical and International Research and Development.
† Universities include Heriot-Watt, Aston, Newcastle, Strathclyde and London.

BASE LENDING RATES

	%		%		%
ABN Bank	10½	Citibank NA	10½	Mnt Credit Corp. Ltd	10½
Adam & Company	10½	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10½
Allied Arab Bk Ltd	10½	City Merchants Bank	10½	National Girobank	11
Allied Dunbar & Co	10½	Clydesdale Bank	10½	Nat Westminster	10½
Allied Irish Bank	10½	Comm. Bk. N. East	10½	Northern Bank Ltd	10½
American Exp. Bk	10½	Consolidated Cred.	10½	† Norwich Gen. Trust	10½
Amro Bank	10½	Co-operative Bank	*10½	PK Finans. Intl (UK)	11½
Henry Ansbacher	11	Cyprus Popular Bk	10½	Provincial Trust Ltd	12
ANZ Banking Group	11	Duncan Lawrie	11	R. Raphael & Sons	10½
Associates Cap Corp	11	E.T. Trust	12	Roxburghe G'rantee	11½
Authority & Co Ltd	11	Equator'l. Tst C'p plc	11	Royal Bk of Scotland	10½
Banco de Bilbao	10½	Exeter Trust Ltd	11	Royal Trust Bank	10½
Bank Hapoalim	11	Financial & Gen. Sec.	10½	Standard Chartered	11
Bank Leumi (UK)	10½	First Nat. Fin. Corp.	11½	Trustee Savings Bnk	10½
Bank Credit & Comm	10½	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Cyprus	10½	● Robert Fleming & Co	10½	United Bk of Kuwait	10½
Bank of Ireland	10½	Robert Fraser & Ptrs	11½	United Mizrahi Bank	10½
Bank of India	10½	Grindlays Bank	‡10½	Westpac B'nking Corp	10½
Bank of Scotland	10½	● Guinness Mahon	10½	Whiteaway Laidlaw	11
Banque Belge Ltd	10½	HFC Trust & Savings	10½	Yorkshire Bank	10½
Barclays Bank	10½	● Hambro Bank	10½		
Benchmark Tst Ltd	10½	Heritable & Gen. Tst	10½		
Beneficial Trust Ltd	12	● Hill Samuel	§10½		
Berliner Bank AG	10½	C. Hoare & Co	10½		
Brit. Bk. of Mid. East	10½	Hongkong & Shangh'	10½		
● Brown Shipley	10½	Lloyds Bank	10½		
CL Bank Nederland	10½	Mase Westpac Ltd	10½		
Canada Permanent	10½	Meghraj & Sons Ltd	10½		
Cayzer Ltd	10½	Midland Bank	10½		
● Charterhouse Bank	10½	● Morgan Grenfell	10½		

† As from close of business March 10th. ● Members of the Accepting Houses Committee. * 7-day deposits 6.03%. 1-month 6.38%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.02%. Mortgage 12¼%.

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Epilepsy ruling may boost benefit claims

A WOMAN who suffers from unpredictable epilepsy attacks won a legal victory yesterday which could cost the Government millions of pounds a year in extra benefit payments.

Three Court of Appeal judges in London allowed a plea by Mrs Dorothy Moran, of Rockferry, Birkenhead, that a doctor who assessed her case and refused to certify her for a higher rate of attendance allowance had made a legal error.

Mrs Moran's claim was sent back for reconsideration by the Attendance Allowance Board, which had delegated the doctor to examine her case. An attendance allowance is a weekly, non-contributory cash benefit payable to severely mentally or physically handicapped people who satisfy certain conditions.

Mrs Moran suffers from epilepsy attacks without warning. She loses consciousness or has an altered awareness lasting between 30 minutes and two hours. She was said to be at risk of substantial danger in each fit.

Following yesterday's ruling Mrs Moran's MP, Mr Frank Field, said the Health and Social Security Department could face claims of up to £100m a year from others in a similar situation.

Mr Norman Fowler, Social Services Secretary, was refused leave to appeal to the House of Lords but can still apply directly to the Law Lords for leave.

Giving judgment Lord Justice Nicholls, with Lord Justice Purchas and Sir Roualeyn Cumming-Bruce, said higher rate payments were made to the disabled who satisfied both a day-time and a night-time condition.

In the day a claimant had to require from another person either frequent attention in connection with bodily functions or continual supervision to avoid substantial danger to themselves or others.

The night condition to be satisfied was that the claimant required either prolonged or repeated attention, or continual supervision. The issue in Mrs Moran's appeal was whether she satisfied the night-time supervision condition.

The judge said the doctor in Mrs Moran's case erred in law in taking into account the relative infrequency of her night-time attacks.

Mrs Moran was never left alone. At night her husband's antennae were so attuned that without any conscious call from his wife he woke at the onset of a fit and was able to see to her as needed.

The judge said the section of the act involved in the case was concerned with what a claimant required, not with what he or she actually received. The infrequency of Mrs Moran's attacks should not have been taken into account.

After the decision Mr Ian Glick, counsel for Mr Fowler, said the judgment could lead to many claims, not only from epileptics but from people suffering from other conditions.

Mr Glick listed several potential claimants, including diabetics, mentally-retarded children, hyper-active and asthmatic children, elderly people suffering from severe attacks of confusion, and, in some cases, haemophiliacs.

If claims could be made by such group it was possible large sums of public money would be involved, Mr Glick said, seeking leave to appeal.

Mrs Moran's counsel, Mr David Elvin, said the judges' decision was not a significant departure from existing law but simply a tidying-up.

Later Mr Nicholas Warren, solicitor for the Birkenhead Resource Unit, which advised Mrs Moran, said: "This is an important test-case for thousands of handicapped people whose epilepsy, or other condition, might lead unpredictable dangers to themselves, or even to their deaths."

Mr Field said he would raise the issue in Parliament.

Four hurt by bomb at Belfast cemetery

By Our Belfast Correspondent

FOUR POLICEMEN were injured yesterday when the Provisional IRA exploded a bomb at the gates of a Belfast cemetery shortly before the funeral of a murdered police constable was due to take place.

The attack, one of a rash of bomb attacks hoaxes which paralysed the city, was condemned by the authorities and political parties in Ulster.

Mr Nicholas Scott, the Northern Ireland Office minister in charge of security, said the IRA had plumbed new depths in their attempt to bomb the funeral procession of Reserve Constable Peter Nesbit, who died in an IRA bomb ambush in north Belfast on Tuesday night.

The IRA said in a statement that the attack was in retaliation for alleged police brutality against mourners at nationalists' funerals.

The four officers were hurt, none seriously, when the bomb exploded in a car abandoned at the gates of Roselawn Cemetery an hour before the funeral cortege was due. There was a warning call about the car but it exploded as the police were conducting checks. A gatelodge at the cemetery was set on fire.

Another policeman and a woman were injured when two bombs exploded as Smithfield, a shopping area near central Belfast. The bombs were planted by armed men who held up a civilian security guard.

A fourth device went off at Dublin Road, close to the city centre, damaging shops and a restaurant. No one was hurt.

More than 20 bomb hoaxes disrupted the city. Although many were simply nuisance phone calls, in several cases army bomb experts were called to check abandoned cars and suspicious parcels.

Detectives are also investigating the murder of a man who was shot shortly after lunch at Rostrevor, near Newry, County Down.

He had no connection with the security forces. The RUC said it was investigating the possibility that he had been shot by mistake.

Many problems for Merrill Lynch's one world policy

Stephen Fidler on a US retail broker's troubled expansion

"THE WORLD should knowk no boundaries." The advertising slogan introduced last year by Merrill Lynch, the largest retail brokerage firm in the US, underlines its commitment to the so-called globalisation of securities markets.

"We have to think of a one-world market," Mr William Schreyer, Merril Lynch's chairman, said late last year. The company sees as central to its future growth its presence in national markets around the world.

The firm, which celebrated its centenary in 1985, has backed up its view by its membership of four of the world's main stock markets—New York, Tokyo, Toronto and London.

So the anger and disappointment it expressed following the announcement of insider trading accusations against a managing director at its London office were probably all too heartfelt.

According to the allegations by the Securities and Exchange Commission against Mr Nahum Vaskevitch, the Israeli-born head of Merrill's London mergers and acquisitions department was acting outside the firm. No other Merrill employees appear to have been involved.

The charges do, however, represent the latest in a series of difficulties that Merrill has faced in putting together an international operation to match the clout it has in its home retail market.

That strength at home may be the source of its faltering abroad, according to competitors and former employees of the company.

During the leadership of Mr Donald Regan, who more recently resigned as President Ronald Reagan's Chief of Staff, the firm developed a paramount position in the retail brokerage business at home. The prime instrument in that was the cash management account, a true banking innovation which combined brokerage, credit and cheque account services.

The company's 10,000-plus brokers in more than 450 retail offices are still its biggest source of revenue.

Even in its home market, the company has faced difficulties in breaking away from its image as a retail broker. It found it hard, for example, to move into the investment banking business that proved so lucrative for competitors such as Morgan Stanley and First Boston.

While it has had a London presence for more than 25 years, Merrill's other forays into the international scene were ill-starred. For example, in 1982 it took a 25 per cent stake in Sun Hung Kai and Co, a leading Hong Kong securities firm. Soon after that the Hong Kong stock market collapsed, causing Merrill to make a substantial but undisclosed provision against its investment.

The company announced its sale of the stake last month, insisting that the five-year relationship between the two companies had been friendly and fruitful.

In Europe, a bureaucracy centred on New York was thought by some not to be responsive to the needs of the European institutions that dominate the securities business on this side of the Atlantic.

A former employee said: "Merrill Lynch is still organised along branch office lines and is effectively an outgrowth of its US retail system.

"From the timing of the morning research call—8 am New York time—to the way research reports are projected and distributed, through to decisions on trading and issue allocations, it all comes from the perspective of head office."

This kind of problem is said to be behind defections of a number of key people from Merrill over the past few months. A team of 10 US equities salesmen left its capital markets subsidiary to ally itself with E. F. Hutton. Important figures in its US treasury and Eurobond teams have also left.

The firm has strenuously denied rumours that last year it made heavy losses in the UK government bond market as it attempted to buy market share.

Merrill Lynch has tried to address the issue. Mr Stanislas Yassukovich, urbane former head of the European Banking Company and doyen of the eurobond market, was drafted in to head its European and Middle East operations.

Mr Michael Von Clemm, another senior eurobond market figure formerly with Credit Suisse First Boston, was last year appointed to head the company's capital markets sub-

To bridge any communications gap between New York and London, Mr Jean Rousseau, formerly with Merrill's municipal bond department in New York, was put in charge of London operations.

But, said one defector: "There is a kind of black hole at Merrill's in Europe. There is the experience of international markets and institutions. There is the experience in London of the way Merrill works in New York. But no one individual brings both of those elements together. There's a kind of black hole in the centre of their international strategy."

Nahrun Vaskevitch: former London mergers chief alleged to have masterminded insider trading scheme

Mill changes to cost 160 Wiggins Teape jobs

By Tony Jackson

WIGGINS TEAPE, the papermaking subsidiary of BAT Industries, is to make 160 workers redundant at its Fort William mill in Scotland. The mill is being converted in an expansion of capacity for carbonless copy paper. The company said it would invest about £3m in the mill over the next 18 months and continue to employ nearly 200.

The mill presently makes only a small amount of carbonless paper, the bulk of its output being less-specialised grades ranging from publishing paper to copier paper. The company said the mill could no longer operate profitably in that part of the market.

It said the job losses arose because paper was cut into sheets at the mill, but now the carbonless paper would be shipped in reels to its plants in South Wales or Belgium for coating.

The company is Europe's largest maker of carbonless paper and the world's second-largest after Appleton of the US, its BAT fellow-subsidiary. Wiggins' total carbonless capacity across Europe is believed to be about 185,000 tonnes.

The Fort William investment will add significantly to that tonnage.

Steel output rises 12.2%

STEEL production averaged 349,700 tonnes a week in February, 12.2 per cent higher than in February 1986, and was at the highest level since June 1980.

The rise reflects blast furnace changeovers at the British Steel Corporation's Scunthorpe and Ravencraig works, during which both operated an additional furnace for some days before reverting to normal working.

Production in the first two months of 1987 averaged 312,700 tonnes a week, 7.1 per cent higher than the 291,900 tonnes a week in the corresponding period of 1986.

House fixtures overvaluation 'may be fraud'

HOUSE BUYERS who try to reduce the stamp duty due on homes they buy by overvaluing fixtures and fittings may find themselves at risk of prosecution if they later have to sue under the sale contract, the Court of Appeal warned in London yesterday.

Lord Justice Kerr, sitting with Lord Justice Nicholls and Lord Justice Bingham, said although it was "probably a common practice" to mis-state the relative value of fixtures and fittings in house deals in order to pay lower rates of stamp duty, it could not be condoned by the courts.

Any solicitor knowingly involved in such a deal would be guilty of professional misconduct, he said.

The appeal judges were dealing with a case in which a young couple, Mr Philip Saunders and Ms Joan Elliott, were awarded damages against Mr Royston Edwards because of his "fraudulent misrepresentation" that a flat he sold them in south-west London, included an attrative roof gardend.

Mr Edwards had sought to claim on appeal that no damages should be awarded because, when the couple bought the flat in 1983, £5,000 of the £45,000 purchase price had wrongly been apportioned to "fixtures and fittings" in a deliberate attempt to save £300 of stamp duty, he alleged.

And that, he said, balanced out any misrepresentation over the roof garden on his part.

Lord Justice Nicholls said that while not minimising the seriousness of what seemed to be a deliberate attempt to defraud the revenue it would not be "an affront to the public conscience" to allow the buyers in this case to get damages for fraud by the seller.

But the appeal judge added a "cautionary footnote."

"Although the deliberate understatement of the value of the flat has not affected the outcome in this case, it should not be assumed that this will always be so in other cases where there has been a deliberate mis-statement," he said.

He warned that purchasers who tried to save themselves only a small amount of money in stamp duty might find that the courts would refuse to help them if they later needed to enforce a conract based on mis-statement by the seller.

Although Mr Edwards lost his plea on the stamp duty point, the judges reduced the £7,000 award against him — made by Judge Rubin in November, 1985—to £4,850.

Venture fund backing for artificial membrane plan

BY DAVID FISHLOCK, SCIENCE EDITOR

TWO CITY venture capital funds are backing a company set up by a professor at the Royal Free Hospital School of Medicine, in London.

The company, called Biocompatibles, has launch capital of more than £1m from 3i Ventures, Vista Ventures and an unnamed multinational healthcare group.

It aims to develop and market the ideas of Prof Dennis Chapman, professor of biophysical chemistry, for making and using membranes which mimic the "skins" of living cells.

Prof Chapman has put forward a portfolio of ideas for using such membranes to reduce risks of coronary thrombosis in many medical situations and to facilitate the taking of drugs.

The company is being set up on the Brunel Science Park, west of London. Mr Brian Evans, general manager, expects to be ready to negotiate second-stage financing by the end of the year.

APPOINTMENTS

British Linen Assets chairman

THE BRITISH LINEN BANK has appointed Mr James Young as chairman of British Linen Assets, the Bank's property development subsidiary. Before his retirement in 1985 Mr Young was a member of the management board of Bank of Scotland where he also held a number of senior appointments including joint general manager of the bank's international division. He is on the board of the British Linen Bank and holds directorships of a number of the bank's subsidiary companies.

★

Mr John Manners has been appointed a director of DUNHILL HOLDINGS, the London-based group, which owns four operating companies: Alfred Dunhill Ltd, Chloe SA, Montblanc Simplo GmbH and Lane Ltd. He was group financial controller, and has additionally been responsible for the development of the group's treasury department.

★

Lord Gibson-Watt has been appointed chairman of TIMBER GROWERS UNITED KINGDOM — the government recognised body representing private woodland owners.

★

Mr Mervyn Greig has been appointed business manager, CITICORP INSURANCE SERVICES, and upon Department of Trade and Industry approval, managing director. This holding company includes British National Life Assurance and Citicorp General Insurance. He joined British National as sales director when the company was purchased by Citicorp in January 1986. Mr Barry Morris has been appointed sales director of Citicorp Insurance Services.

★

Dr David Pendlebury has been appointed managing director, CARADON ELLIOTT, part of Carodon Plastics, based in Walsall.

★

Mr Martin Clarke and Mr Jonathan Morgan have been appointed assistant directors of PRUDENTIAL VENTURE MANAGERS—venture and development capital arm of Prudential Portfolio Managers, of which they also become assistant directors.

★

From April 6 Mr Ian Burrage, deputy managing director, will become managing director of MULTITONE ELECTRONICS. He succeeds Mr John Spiers, who retires from the board on September 30.

★

The new president of THE INSTITUTE OF MARINE ENGINEERS is Mr A. F. Harrold.

★

Mr David Leathers, a director of N M Rothschild Asset Management, is to join ABINGWORTH as a director.

★

Mr Brian J. Kidd has been appointed to the board of CARLESS PETROLEUM from April 1. He joined in September 1985 as financial controller.

★

Mr J. F. Osborne has resigned his directorships of both the ASPINALL HOLDINGS and its principal UK operating subsidiary, The Aspinall Curzon. His resignations are occasioned by his impending departure to become managing director of Diamond Leisure Pty, the group's casino and hotel venture in Darwin, Australia.

ECONOMIC DIARY

TOMORROW: National Savings monthly progress report (February). Labour Party's annual Scottish conference in Perth. Finnish parliamentary elections (until March 16). International Trade Fair opens in Leipzig.

MONDAY: EEC Foreign Affairs Council meets in Brussels (until March 17). Informal meeting of EEC Social Affairs Ministers in Brussels (until March 17). Retail sales (February—provisional). Food facts (fourth quarter). Teachers' half-day strikes commence. Mr Robin Leigh Pemberton, Governor of the Bank of England, to address Industrial Society in London. S. Pearson results.

TUESDAY: The Budget. Index of the output of the production industries (January). Public sector borrowing requirement (February).

WEDNESDAY: US-Europe discussion on claims of unfair trading in Airbus in Geneva (until March 19). Mr Kenneth Baker, Education Secretary, speaks at Manchester Business School. EEC-Comecon trade meeting in Geneva. Civil Service Joint Union statement on pay. Launch of the European Year of the Environment in the UK. US gross national product (fourth quarter — revised). United Biscuits and Legal and General Assurance results.

THURSDAY: Financial Times holds conference "Pensions—the time for action" at the Hotel Inter-Intercontinental, W1 (until March 20). EEC Industry Council meets in Brussels. Capital expenditure by the manufacturing and service industries (fourth quarter—revised). Labour market statistics: unemployment and unfilled vacancies (February—provisional), average earnings indices (January—provisional). employment hours, productivity and unit wage costs: industrial disputes. London and Scottish bank's monthly statement (February). Provisional estimates of monetary aggregates (February). Bundesbank meeting. EEC Industry Ministers meet on steel in Brussels. Scottish Prison Officers Association annual conference in Grangemouth. Rolls-Royce and Britoil publish preliminary figures.

FRIDAY: Gross domestic product (fourth quarter—provisional). Tax and price index (February). Retail prices index (February). Building Societies' monthly figures (February). Court hearing in New York opens with allegations of insider trading against Merrill Lynch's London managing director. Warsaw Pact nations meet in Moscow on arms reduction proposals. Conservative Central Council annual conference

UK NEWS

Victims of water plant disaster win compensation

BY ANDREW TAYLOR

SURVIVORS and relatives of victims of the Abbeystead water plant disaster in Lancashire, which killed 16 and injured 28 in a methane gas explosion in May 1984, yesterday won their three-year battle for compensation.

Mr Justice Rose ruled at Lancaster High Court that Binnie & Partners, the plant designer; Edmund Nuttall, its builder; and the North West Water Authority, its operator, had all been negligent.

Claims for damages from the 31 survivors and relatives total between £1.5m and £2m. Mr Justice Rose said claims would be assessed during the next two or three months. Individual awards were expected to be decided at a hearing in November.

Costs of £100,000 were awarded against the three defendants. Binnie and Partners, an international civil engineering consultancy, was found to be 55 per cent to blame for the disaster. It said last night it would carefully consider the judgment before deciding whether to appeal.

Mr Justice Rose said the North-West Water Authority, which operates the Abbeystead plant, was 30 per cent to blame. Builder Edmund Nuttall, a private civil engineering company with annual turnover of about £100m, was 15 per cent responsible for the explosion.

The disaster, which occurred during a tour of the plant by villagers from nearby St Michael's on Wyre, followed a build up of methane gas in the valve house which ignited and blew the roof off the building.

Mr Justice Rose said the designers should have been aware that methane was soluble in water and could travel long distances through the ground. The designers had "failed to exercise reasonable care in assessing the risks of encountering methane."

The builders had been negligent in failing to provide a proper system for testing methane, although their role was very much a subsidiary one, said the judge.

The water authority had been negligent over the operation of plant and should have considered the safety implications — although they were entitled to rely on the designers and had not been warned of the methane danger.

"In my judgment any of the defendants ought to have foreseen the accumulation of methane in a quantity dangerous to life or health. By 1984 they ought to have been aware of the danger of the tunnel atmosphere in general and methane in the ground water in particular."

It was incredible that no tests were made during the first two-thirds of tunnelling work, the judge said. The designers had left testing up to the builders, who had used two "inexperienced, uninstructed and unsupervised" staff to carry out the work.

Mr Tim Eckersley, whose 11-year-old son Mark died in the disaster, said: "It is a great decision. We have waited a long time for it, but justice has been done."

Mr George Tyson, a parish councillor who suffered 58 per cent burns and lost his wife Edith in the blast, said: "I think today's decision will please all the families. I think the blame was right."

More staff for Social Security offices

By Philip Bassett, Labour Editor

Staffing in Social Security offices would be increased by more than 4,000, the Government announced yesterday, following a review of the workload which has arisen mainly from extra benefit claims caused by higher unemployment levels.

Mr Norman Fowler, Social Services Secretary, said that as a result of the review, started in October 1985, the staffing ceiling in the Health and Social Security Department would be increased by 4,050 by April 1 next year, to 102,900.

In a parliamentary written reply he said most of the increase would be assigned to the department's local offices.

The increase will take into account savings on planned spending in the year, from efficiency measures. It is in addition to staffing increases of 5,000 announced last March.

The Government has reduced staffing levels in the Civil Service generally, though numbers in the DHSS, Employment Department and Inland Revenue have been allowed to rise, to deal with unemployment and to increase tax revenue.

Mr Fowler, paying tribute to local DHSS staff, especially in hard-pressed inner-city areas, said talks on efficiency measures would now begin with unions.

However, the Society of Civil and Public Servants said the increase was a sleight of hand. It said that of the 4,000, 1,000 were already in place, another 1,000 would not go to local offices and 1,000 of the rest were allocated because of a previously-expected workload increase. This left only 1,000 new staff, or 2 per cent for each office, to counter present shortages.

Ms Tess Gill, secretary of the union's DHSS group welcomed any increase in staff but said it would have a minimum impact.

She said the real level of new staff claimed by the union would "do little to improve the state of chaos which exists in many local offices, the high error rates and poor service which are mainly caused by severe staff shortages."

The union has made a detailed claim for 13,000 extra staff for the department, to cope with demand.

Peter Riddell looks at the implications of the Truro by-election

Southern comfort for the Alliance

THERE IS no stopping the Alliance bandwagon. The success of Mr Matthew Taylor at Truro in increasing his party's already high share of the vote to more than 60 per cent is a clear triumph, given the criticism of his candidacy and inexperience as a 24-year-old.

For the Conservatives, the decline in the share of their vote is obviously a disappointment. But while it may give pause for thought in Conservative Central Office, it is unlikely to dent the Tories' confidence about their election prospects.

For what it is worth, the 6.5 percentage drop in the Tories' share of the vote to 32 per cent is by far the smallest in any by-election since late 1984, but it contrasts with the party's optimism just before polling day.

For Labour, any improvement in its standing is welcome after the party's recent turmoils and clearly reflects the efforts of its widely-praised candidate, Mr John King. But Labour was always going to be only a marginal influence in Truro, with only just over 7 per cent of the vote.

The key question is whether the result will affect the timing of the general election. The answer is probably not much. There were special factors in Truro—a sympathy vote for Mr Taylor, following the death of Mr David Penhaligon, the popular former MP, in a car crash before Christmas, and dissatisfaction among local farmers and over the plight of the Cornish tin industry.

So, while there may be a few warning signals for the Tories in the south-west, the figures cannot be extrapolated to the rest of the country.

If anything, the outcome will reinforce Mrs Thatcher's instinctive caution about calling an election. Yesterday, she was at pains to stress that the Truro result would not affect the date of the general election.

At one level, everything has gone well for the Tories, following Labour's defeat at Greenwich a fortnight ago and the party's continuing well-publicised internal rows.

Before Greenwich, the Tories were standing at around 38 per cent to 39 per cent in the opinion polls, Labour at 36 per cent and the Alliance at 23 per cent—already on a clearly rising trend. In polls taken since Greenwich, Tory support has remained broadly stable at about 38 per cent, Labour has slipped to 33 per cent and the Alliance has advanced to more than 26 per cent.

The Conservative lead over Labour is the largest since late 1984 and would clearly make the Tories the largest single party after an election. But it is not as simple as that, as the Alliance advance to above its share of the vote in the 1983 general election takes it to a position where the Liberals and the SDP could start winning quite a few Tory seats in the south.

A key uncertainty is whether the gap between the Alliance and Labour will narrow further. Some Alliance leaders privately hope that they may overtake Labour in the polls, which would alter all the election calculations. This has not happened so far, but is what the Tories in the south fear most.

Overall, the clearest message of the recent polls and by-elections has been that Labour is a long way away—and is moving further away—from winning power. Internal morale is low and many Labour MPs are resigned to a further election defeat, with only an outside chance of denying the Tories an overall Commons majority. There is then the post-election question of whether Labour will start talking to the Alliance.

However, because of the Alliance advance, the picture remains cloudy for the Tories. Mrs Thatcher privately, and Mr Norman Tebbit, the Conservative Party chairman, in an interview with the Financial Times eight days ago, have already indicated that May 7 has been ruled out as a general election day—but they have pointedly not yet ruled out late June.

Much will depend on the trend in the polls over the next six weeks—after next Tuesday's Budget, Mrs Thatcher's visit to Moscow, and particularly the May 7 local elections. Hence, late September or early October remain the favourite dates.

The Alliance has, however, a further little twist in store for the Tories over Truro. Mr Taylor will take his Commons seat next Tuesday afternoon in front of a packed House, when its proceedings are being broadcast live, immediately before Mr Nigel Lawson delivers his Budget speech.

Winning smile: Matthew Taylor celebrates his victory.

BY-ELECTIONS 1983-1987

Changes in parties' share of the vote

	Cons %	Lab %	Alliance %
Chesterfield	−17.3	− 1.6	+15.3
Penrith	−12.8	− 5.9	+16.7
Surrey SW	−10.4	− 1.5	+11.3
Stafford	−10.8	+ 3.7	+ 7.1
Cynon Valley	− 6.8	+ 2.8	− 0.7
Portsmouth S.	−15.7	+ 3.9	+12.2
Enfield Southgate	− 8.5	− 6.0	+12.2
Brecon and Radnor	−20.5	+ 9.3	+11.3
Tyne Bridge	−14.1	+ 1.3	+11.4
Fulham	−11.3	+10.4	+ 0.4
Ryedale	−17.9	− 1.9	+19.8
Derbyshire W.	−16.3	+ 2.7	+12.4
Newcastle-u-Lyme	−17.3	− 1.2	+17.2
Knowsley N.	−13.8	− 8.2	+19.8
Greenwich	−23.6	− 4.5	+27.9
Truro	− 6.5	+ 2.5	+ 3.1

Governor warns on bank loans

By David Lascelles, Banking Editor

THE GROWING competition in the personal finance area could bring down the relative cost of consumer borrowing, Mr Robin Leigh-Pemberton, the governor of the Bank of England, predicted last night.

This would, however, also create new risks for banks, and he said he welcomed moves by the bankers to improve the flow of information about personal indebtedness.

At a dinner celebrating the grant of a royal charter to the Institute of Bankers, Mr Leigh-Pemberton said that lenders in the personal finance market "must be careful not to assume that it will remain as safe and profitable as it has in the past."

He said new players, principally retailers who offer their customers credit, would undercut prevailing interest rate margins and build up market share.

He went on: "There is therefore a real possibility over the next few years that the margins in this area will fall."

The Governor supported the banks' new interest in contributing information about individuals' debt to some form of central credit reference agency. There were difficult problems to overcome—such as confidentiality. "But they do need to be addressed," he said, "for some borrowers are taking on what are by any standards considerable personal burdens."

Bristol project will create 2,000 jobs

ABOUT 2,000 jobs for engineers and skilled craftsmen will be created in north Bristol, in a new mini-town called Bradley Stoke, on which work started yesterday.

The town, covering 1,000 acres of land situated next to the M4/M5 interchange, is being developed over the next six to nine years. It will comprise 8,000 homes, six primary schools, a secondary school, a social services centre and a 50,000 sq ft shopping centre.

Developers include Beazer Homes, Ideal Homes, Tarmac Homes, McClean Homes, Bryant Homes, Prowting, John Mowlem Homes, Costain Homes, Second City Homes, Westbury Homes and Taylor Woodrow Homes.

Maxwell 'truce offer' in newspaper war

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of the London Daily News, claimed yesterday that he had offered a truce in the London newspapers war to Lord Rothermere, publisher of the London Evening Standard and the London Evening News, but that this had been rejected.

Mr Maxwell said he had written to Lord Rothermere accepting that the Standard publisher did not condone intimidation or harassment as a way of preventing distribution of the London Daily News. He called for an end to the war and, by implication, suggested that the Evening News should be closed.

Mr Maxwell, who is also the publisher of Mirror Group Newspapers, said Lord Rothermere treated the suggestion as "inviting me to join in what appears to be an illegal combine, both to reduce choice and to fix price."

Mr Maxwell also said yesterday that he had given an undertaking not to repeat allegations that the Standard had lied about circulation figures without first giving 48 hours' notice, the aim of which was to avoid legal costs. "Lord Rothermere chose to reject this offer," Mr Maxwell said yesterday.

The Standard yesterday went instead to the High Court and won an injunction against Mr Maxwell preventing him from accusing the Standard of lying about its circulation figures.

The injunction, granted by Mr Justice Gatehouse, is effective until the hearing of a libel action brought by Associated Newspapers, publishers of the Standard, against Mr Maxwell over an article in the London Daily News.

It prevents Mr Maxwell and the London Daily News from "publishing, or causing to be published, any statements suggesting that the plaintiff has lied about the circulation figures of the Standard and has thereby attempted to mislead the newspaper's readers or advertisers."

Between February 24 and March 6 the sales of the Standard were audited by Deloitte Haskin & Sells, the accountant firm. The Standard says on each day the circulation was more than 550,000.

Associated Newspapers said yesterday that from Monday it will extend the distribution of the single-edition London Evening News, which sells for 5p to virtually the whole of London. The paper is currently available only in the West End and City areas. The print run would also be increased from its current 100,000.

Lucas to shut wiper plant after losing work to Delco

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LUCAS ELECTRICAL is to close its windscreen wiper/small electric motor operations at the Great King Street, Birmingham, factory following state-owned Austin Rover's decision to switch its business to a subsidiary of General Motors of the US.

The closure will result in 275 job losses.

Lucas told employees yesterday it was unable to compete in price with Delco, the GM subsidiary based at Dunstable, which produces 51,000 wipers and motors a day, compared with 2,600 at Great King Street. It also pointed out that Bosch, of West Germany, made 172,000 a day.

Austin Rover accounted for 40 per cent of the current volume and without that business it was impossible to continue, Lucas said.

TASS, the manufacturing union, accused Lucas of "squandering resources" and driving its major customer, Austin Rover, to Delco by failing to invest.

Of the 310 employees in the wiper/small motors operations, only 35 will be kept on for remaining business. Lucas is also negotiating with Delco to keep another 45 jobs in the Birmingham area, but stressed this would be Delco's decision.

Lucas also announced yesterday it would move its ignition operation from Great King Street to a new building on the Halford estate, Perry Barr, Birmingham, next year.

The operations would need 450 people, compared with the 360 currently employed at Great King Street.

Last year, when Lucas revealed that Great King Street would close in 1989, it said it hoped to preserve about 800 of the 2,000 jobs which would be affected. The latest moves mean that only 650 jobs will be saved.

Accountant on share document forgery charge

By Raymond Hughes, Law Courts Correspondent

MR PHILIP LYONS, a chartered accountant, of Chesnut Avenue, Edgware, made a brief appearance at Guildhall magistrates court yesterday on a charge under the 1981 Forgery and Counterfeiting Act involving share certificates of a company named Gechem SA. He was remanded in custody until March 19.

The charge alleged that on February 27 1987 he had in his custody or under his control "22 Gechem SA share certificates which you knew or believed to be false, with the intention that you or some other person should use these share certificates to induce somebody to accept them as genuine and by reason of so accepting them, to do or not to do some act to his own or any other person's prejudice," contrary to sections 5(1) and 6, Forgery and Counterfeiting Act 1981.

Mr Lyons, a member of the Institute of Chartered Accountants in England and Wales, runs a firm called Lyons & Co. from his Edgware address.

Investment plan for Yorkshire

By Ian Hamilton Fazey, Northern Correspondent

NORTH YORKSHIRE County Council announced yesterday that it was planning to set up a £2.7m investment fund as a joint company with the West Yorkshire Enterprise Board and York Trust, the local merchant banker.

The fund will specialise in venture capital deals for expanding businesses in the county and will be able to draw on funds made available to the enterprise board by Yorkshire Bank.

The joint company will be the third set up by the board, now functioning as an independent investment company following the abolition of West Yorkshire County Council, which founded it. The others are with Bradford and Calderdale councils.

Similar joint companies are also being negotiated with other local authorities in Yorkshire and Humberside. Yorkshire Bank is making a total of £20m available for them to borrow. The debts to the bank will be serviced by returns on investments and eventually repaid from capital gains as investees prosper.

Prescott hints at pay curbs

By Philip Bassett

ATTEMPTS BY the trade unions, under a future Labour government to increase their pay in order to maintain differentials would be "irresponsible and unacceptable." Mr John Prescott, Labour's employment spokesman, said last night.

Mr Prescott's remarks hinted at pay restraint and explicitly endorsed greater work flexibility and the failure of recent industrial action. They are significant given his position within the party as a left-winger.

Speaking to trade unionists in Scotland, Mr Prescott said that they would have to accept that reducing unemployment would be a high priority for a Labour government.

He said: "In that climate, any response by higher-paid workers which simply tried to hike up their pay to maintain differentials would be irresponsible and unacceptable."

Labour and the union could also no longer rely on the traditional approach to rights at work, he said. "Let us face it: industrial muscle, and collective strength have done little to protect existing rights, let alone extend them."

Labour needed to underpin trade union organisation with rights at work so that the law and collective bargaining could work together.

Mr Prescott criticised the growth of part-time at the expence of full-time employment. He noted that McDonald's, the fast-food chain, was now overtaking Britain's largest manufacturers as an employer of labour. But, he indicated the need to respond to labour market changes.

"We have to look at more flexible forms of employment, including part-time work, work-sharing, retraining and more flexible retirement."

Mr Prescott said that Labour's new policy document on training, New Skills for Britain, would be launched next week.

Storm over a tea cup leaves Labour stalwart in deep water

Michael Cassell profiles the fiery opposition spokesman on employment

IF THE events of the last week have found the Labour Party sailing into squally weather, there can be little doubt that they have also left Mr John Prescott, the party's first seaman-sponsored MP, in uncomfortably deep water.

It is Mr Prescott—Labour's bright, rumbustious and blunt employment spokesman — whose two well-publicised "tea room tiffs" in the Commons managed to ensure that Labour's internal divisions on defence were kept at the forefront at Westminster.

In a week when Labour's jobs initiative was supposed to steal the headlines, they were devoted instead to rather more colourful references to tussles and teacakes, punch-ups and pastries.

As a leading architect of the "one million jobs in two years" programme, Mr Prescott duly joined other party leaders at Wednesday's jobs programme launch. But he must have been regretting the latset demonstration of what his Westminster colleagues regard as a particularly short fuse.

The previous night the MP for Kingston upon Hull had been involved in a damaging row with Mr James Callaghan over defence policy, allegedly accusing the former Prime Minister of wrecking Labour's election chances by supporting the temporary retention of Trident.

Together with his failure to keep overall responsibility for assembling the job creation package, Mr Prescott's place on the far end of the platform looked suitably precarious. It was during the seamen's strike of 1966 that he wrote a pamphlet called Not Wanted on Voyage, and some of his colleagues may have been forgiven for thinking its title was in danger of reflecting latest opinions about the author.

Mr Prescott joined the party when he was 18 and has been in the Commons since 1970. A former passenger liner steward and trainee hotel chef, he has become an unquestionably able member of Labour's frontbench team, having previously been the party's spokesman on transport and regional affairs.

John Prescott: tussle over the teacakes

But even his supporters claim the combative approach adopted by a pugnacious Hull University graduate who is proudly working class can often lack the discipline which is every bit as important as political passion.

Mr Neil Kinnock, the Labour leader, wasted no time in banging heads together after the tea-room fracas, which was overheard by Tory MPs who delighted in the unexpected cabaret.

His references to the need for self-discipline were clearly aimed at the man he likes to dub "Johnny" and for whom he has long had considerable respect. Mr Prescott co-nominated Mr Kinnock for the party leadership in 1983, having backed Mr Tony Benn in 1976, and in 1984 was moved from transport to employment.

However, it was typical of the man that, even after Mr Kinnock's stern words, he could not resist the temptation on Thursday to confront a Tory MP and accuse him of spreading lies about the earlier argument with Mr Callaghan.

Any thought that a second altercation would also end up being broadcast were overcome by anger.

Mr Prescott's Commons performances in what is a key post have been mixed. His appearances at the despatch box to confront Mr Kenneth Clarke, the Paymaster-General, have sometimes tended to veer towards "over-the-top" outrage rather than structured counter-attack.

He has been accused of thinking up policies on his feet, such as during the Knowsley North by-election campaign when he put forward proposals for a training levy on all employers. His remarks drew an immediate disclaimer from Mr Roy Hattersley, the shadow Chancellor, who said the plan was not party policy.

Mr Prescott's biggest recent disappointment, however, must have been the decision to give Mr Bryan Gould, the party's Treasury spokesman, responsibility for pulling together the employment package. Much of the backroom work was enthusiastically and effectively carried out under Labour's employment spokesman, who believes local authorities must play a central role in the provision of new employment oportunities.

The leadership, however, decided that too much emphasis was being placed on the contribution from local councils.

Mr Prescott is reported to have been less than happy about the shift in emphasis, but he appreciates the need for a united aproach to an issue which will lie at the heart of Labour's election campaign and its efforts to win.

It was his same passionate commitment to a Labour victory that would not allow him to resist the opportunity of reprimanding a former Prime Minister who was queuing for a cup of tea.

Kinnock shifts focus on to 'raving right'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MR NEIL KINNOCK, the Labour Party leader, sought yesterday to shift the focus of political debate back onto the failings of the Government's economic policy and away from the divisions of his own party.

He won a standing ovation from the audience at the annual conference of the Scottish Labour Party in Perth with a powerful indictment of unemployment, deindustrialisation and uncaring attitudes to social welfare which, he said, were the result of the policies of the "raving right."

He rejected Government claims that an economic recovery was under way. "All we have is a slight relief in the constant process of decline, brought about by an inadvertant overrun in public spending and the biggest ever borrowing boom in British history — a credit-financed bubble which they have pumped up simply to try to improve their electoral chances."

The Labour leader made no reference to the party's defence policy, the Greenwich by-election or the row over the "loony" left, but ended his speech with a call for party unity. The party, he said, would not allow its "cutting edge to be blunted by anyone or anything, or any division or diversion."

The Scotstih Labour Party is far more united than the party in England and has gfew left-wing extremist members. According to the most recent opinion poll, conducted by Mori, it has the support of 47 per cent of the Scottish electorate—12 per cent more than it win in the 1983 general election. Much of its support comes from industrial areas where, Mr Kinnock said yesterday, some 230,000 jobs had been lost in the past eight years of Tory rule.

Mr Kinnock praised the workers who have occupied the Caterpillar tractor plant at Uddington near Glasgow, for the past two months, following the company's decision to close it. He visited the plant earlier in the day and said that the fact that the company wanted to make this "fabulous engineering plant on a vast scale into a graveyard makes you rage inside."

The equivalent of five Caterpillar plants, or 7,000 jobs, had been lost in the UK, he said, every single day since the Conservatives came to power in 1979.

● Mr Roy Hattersley, Labour's deputy leader, yesterday called for self-discipline within the ranks of the party, writes Michael Cassell.

Mr Hattersley said in Cardiff that the British people were not yet certain that Labour, for all its good intentions, had the "necessary self-discipline and single-mindedness" to win the general election.

S Wales NUM rebuffs Scargill on six-day week

BY CHARLES LEADBEATER, LABOUR STAFF

NEGOTIATIONS OVER the introduction of controversial "six-day coal production" at the mine British Coal plans to develop at Margam, South Wales, is to go ahead. This is in spite of the insistence of Mr Arthur Scargill, National Union of Mineworkers' president, that the union's policy should be determined by a special conference to be held later this year.

South Wales NUM leaders insisted yesterday that Thursday's decision by the union's national executive to call a special conference allowed them to continue with local negotiations over Margam. The conference is to determine the NUM's national policy on the issue.

British Coal and local union leaders expect negotiations to restart in the next few days.

Mr Des Dutfield, South Wales miners' leader, said having taken a decision to accept the principle of six-day production the union's area officials had the authority to negotiate the changes.

The decision to continue with the negotiations is a clear rebuff for Mr Scargill, who is opposed to the introduction of six-day production. The national executive's decision to call the special conference was a compromise reached after Mr Scargill failed to persuade the South Wales miners' leaders to reverse their policy.

The issue seems likely to become a crucial test of Mr Scargill's authority within the union and of his power to shape the NUM's response to British Coal's work strategy. It would introduce far-reaching changes to working practices, in order to raise the rate of return from large investments in new technology.

Under British Coal's plans for the Margam drif mine, which would employ about 780 workers, miners would work three six-day weeks with the fourth wek off. Overall annual working time would be marginally reduced.

Mr Scargill predicted yesterday the widespread introduction of six-day coal production would lead to the loss of 25,000 jobs as productivity would rise dramatically, with overall output remaining stagnant.

A nine-man negotiating team from the union will meet Britih Coal next week to discuss the changes. British Coal made it clear that negotiations over the Margam proposals would have to be conducted locally and concluded by the end of the month.

Clearing banks offer pay rise to single union

By Helen Hague

THREE ENGLISH clearing banks have taken the unprecedented step of offering a national pay rise to about 200,000 staff through only one of two unions recognised for collective bargaining.

The Federation of English Clearing Banks negotiates national rises for Lloyds, Barclays and National Westminster banks. It has offered the 5 per cent rise through the Banking, Insurance and Finance Union.

The offer was made in a meeting with the union at Acas, the conciliation service, during which Bifu agreed to sound out its membership through area offices and branch representatives.

The meeting took place after Bifu had registered two formal "failure to agree" notices under negotiating procedures, when the banks had offered a 4.5 per cent rise. This automatically triggered a conciliation meeting at Acas.

The non-TUC affiliated Clearing Bank Union has rejected the 4.5 per cent offer but according to the federation is refusing to go to Acas. On Acas advice the federation is not increasing its offer to the CBU until other formal procedural stages have been exhausted.

Mr Nick Cowan, federation director, said last night: "This again highlights the impossible position of an employer having to deal with two unions representing the same staff grades who are not prepared to cooperate with each other.

"It was a matter of some considerable regret that CBU declined to go to Acas. Under these circumstances we had no alternative but to make an offer to increase the salaries of all our staff covered by national negotiations through the one union that was present."

Yesterday the federation registered the first formal "failure to agree" notice, at a meting with CBU officials. The unions is sticking to its claim for a 15.5 per cent rise.

Both sides are scheduled to meet again on March 27. Once one banking union has accepted an offer, it is traditional for the banks to impose the agreed settlement.

Talks on revised prison offer

By Jimmy Burns, Labour Staff

THE Home Office was bracing itself yesterday for at least another week of tough negotiations with the Prison Officers Association after union leaders gave only a qualified response to the Government's revised offer

Mr Phil Hornsby, POA assistant secretary, said the shape of the revised "fresh start" proposals was "more encouraging than the last one." He stressed, however, there were still outstanding issues that had to be resolved before any agreement could be put to a members' ballot.

Mr Eric Caines, head of the Home Office's prison department, said last night: "There is going to be some hard bargaining over the next week."

The Home Office remains optimistic that an agreement is close after the Government improved by £20m its offer on prison officers' pay.

However, union leaders want more detailed policy on staffing levels before accepting group working and a ban on overtime, both included in "fresh start." They also want the improved pay offer to be extended to more than 400 auxiliary and night patrol officers in the prison service.

Caterpillar threatens early plant closure

BY JIMMY BURNS, LABOUR STAFF

CATERPILLAR, the US earth-moving equipment manufacturer, said yesterday it would close its plant at Uddintgon, near Glasgow, by the middle of May if workers did not agree to end their nine-week occupation of the factory by March 23.

The ultimatum, delivered in the form of a signed letter by plant manager Mr Ken Robinson to the 1,200 work force, appears to have raised considerably the stakes in the long-running dispute.

Union leaders said last night they would continue the occupation and challenge the right of the US company to withdraw recently installed equipment from the plant if it pushed ahead with its closure threat.

Caterpillar had earlier promised the British Government it would seek to delay the closure as long as possible to give staff maximum time for re-training and readjustment.

But Mr Robinson warned yesterday the company "will abandon all attempts to have an orderly phased closure" unless normal working was resumed by the March deadline. Staff would be dismissed on statutory minimum redundancy pay from May 11 without being retrained or found alternative jobs by the company.

CPSA election candidates

BY PHILIP BASSETT, LABOUR EDITOR

POLITICAL GROUPS in the Civil and Public Services Association are fielding a number of surprising candidates in the election for the union's deputy general secretary.

Members of the union's principal and currently dominant right-wing group have chosen Mr Terry Ainsworth to run against Mr John Macreadie, the support of Labour's Militant tendency

The union's other non-Militant left group has also dropped its expected male candidate and chosen Ms Veronica Bayne.

The smaller right-wing group has split again, with Ms Pat Womersely, its prominent figure, being challenged by Mr Peter Desmond-Thomas.

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Mr Lawson as pragmatist

FEW CHANCELLORS in living memory have approached a Budget with quite such a strong set of cards as Mr Nigel Lawson possesses this weekend. The Inland Revenue is awash with tax receipts, the pound has been rising sharply and the Bank of England has been fighting market pressure to cut interest rates. The British economy is growing faster than most others in the developed world, inflation remains under control and unemployment has begun to fall.

Mr Lawson's unprecedented scope for manoeuvre is partly due to good fortune. The strength of tax receipts—especially those from the non-oil corporate sector—has come as a genuine surprise: Treasury revenue projections made this time last year are turning out to be some of the less accurate on record.

It would be quite churlish, however, not to concede that the Chancellor's bright Budget prospects are also the reward for some quite skilful economic management over the past four years. With hindsight, Mr Lawson's strength has been his pragmatism: in almost every area of macroeconomic policy he has doggedly pursued a middle path. Critics on the Left have accused him of failing to generate a "real" recovery, while those on the Right have worried about a credit explosion.

The pragmatism is evident in the details of policies. Strict monetarism has been abandoned in favour of a highly discretionary — one might almost say Keynesian — approach to monetary management. On fiscal policy, the Chancellor has eschewed both Germanic austerity and Reaganite profligacy, and by refusing to account properly for privatisation has created an illusion of tightness while allowing the economy to benefit from a sizeable stimulus. Mr Lawson has also recognised industry's need for a competitive pound and engineered one of the largest devaluations in recent history.

Desirable surpluses

As a result of a series of quite fine judgments, therefore, the Chancellor is now able to allocate a fiscal adjustment of around £5bn between lower borrowing on the one hand and lower taxes or higher spending on the other. The hair-shirt brigade believe that, since nominal demand is already growing quite strongly, most of the money should be used to bring down next year's public sector borrowing requirement from a planned £7bn to something close to this year's expected outturn, which is £4bn or less.

Given the economy's strength, runs the argument, there can be no justification (bar the purchase of votes) for planning to borrow more next year than this—from an economic point of view the existing £7bn target is quite irrelevant. Indeed, some iconoclasts might ask why the Government still needs to borrow at all: even old-fashioned Keynesians accept that public sector surpluses can be desirable at the peaks of economic cycles (they increase the scope for borrowing to support activity in the troughs).

Those favouring sharply lower planned borrowing can also reasonably argue that the Chancellor's policies to date have tended to favour consumption at the expense of investment. Historically high real interest rates may partly explain the low rate of growth of fixed capital formation in recent years. One way to correct this bias would be to announce an unexpectedly low PSBR which would pave the way towards sharply lower interest rates.

Unemployment blackspot

On the other hand, the Bank of England would have no difficulty in funding a much larger PSBR, while interest rates are determined as much by the political outlook and general confidence factors as by the Government's precise borrowing needs. The real cause for concern is not that Mr Lawson is likely to attach low importance to reductions in public borrowing, but that the fiscal adjustment will be dissipated in across-the-board tax cuts when the economy is crying out for selective and carefully aimed assistance.

The great blackspot in the Government's economic record is its failure to get to grips with very high unemployment. This failure has accentuated large regional disparities in income and opportunity. A Budget motivated by economics and social justice, rather than by crude voter appeal, would attack the problem of long-term unemployment with the vigour previously reserved for the fight against inflation.

Giving away large sums in unfocused tax cuts to those who have already experienced big increases in disposable income is not a riskless strategy even in an election year. Too many people are too aware of the needs of the long-term jobless and other disadvantaged groups. Nor is it necessary on efficiency grounds: tax reform overseas has demonstrated that marginal rates can be sharply reduced without losing much revenue if special concessions are simultaneously abolished. Unless Mr Lawson unveils a few imaginative microeconomic reforms, the danger is that his Budget will be perceived as doing little to promote either equity or efficiency.

Philip Stephens looks back over eight years of Conservative Budget-making

A lucky Lawson hits the jackpot

Source: Treasury

		1978-79	1986-87
Basic Income Tax		33%	29%
Top Rate Income Tax		83%	60%
Value Added Tax		8%	15%
All Taxes as % of GDP		33.8%	37.5%
TAX BURDEN ON SINGLE PERSONS		Income tax and National Insurance as % of earnings	
At half average earnings		23.5%	25.8%
At average earnings		31.5%	31.9%
At 5 times average earnings		52.2%	45.6%
At 10 times average earnings		67.5%	52.8%
EXCISE DUTIES	1979	1986	Change in real terms
A pint of beer	7.7p	18.6p	+25%
A bottle of wine	50.0p	68.6p	−28.9%
A bottle of spirits	£3.13p	£4.73p	−22.4%
20 cigarettes	34.5p	93p	+76.3%
A gallon of petrol	30p	88.1p	+52.2%
Vehicle	£50	£100	3.7%
All duties			+40%

FOR Mr Nigel Lawson, the Chancellor, it is—as one insider in the Budget-making process puts it—"as if all his Christmases and birthdays have come at once."

In next Tuesday's Budget the Chancellor at last has the chance to redeem a clutch of the remaining IOUs in the Conservatives' 1979 and 1983 manifestos.

After three sometimes ingenious but hardly dramatic Budgets, he will be able to put money in the voters' pockets, and to put the finishing touches to the Government's economic platform for a third term.

With the odds apparently shortening on an early election, the timing could not have been better. The likely contents of the Budget have been well-rehearsed, barring of course what has become the mandatory surprise. Officials do not blink at the suggestions that Mr Lawson may have £5bn to divide between tax cuts and a lower borrowing target.

Depending on how far he leans towards prudence, that means, 2p, 3p, or even 4p off the 29p basic rate of income tax. The promise in 1979 of a starting rate of 25p is no longer a pipedream.

Increases in the threshold for mortgage interest relief, cuts in the top rates of tax, a generous approach to the duties on alcohol and petrol, and cuts in capital gains tax are also within his grasp.

Whatever their public pronouncements, the Labour Party's economic experts must be feeling distinctly uneasy at the prospect of going into the election with a promise to take it all back.

Mr Lawson, who has come to relish Budget speeches in much the same way as Mr Norman Tebbit delights in political scraps, also has the economic indicators on his side.

Living standards are rising faster than at any time for eight years. Output growth is accelerating, inflation is below 5 per cent, exports are benefiting from last year's hefty devaluation of the pound, interest artes are falling, and public sector borrowing is undershooting its target. The slogan will be the seventh successive year of economic growth.

It will be possible to cavil at some of the claims. Mr Lawson's rhetoric on inflation has always run far head of his achievements. This year prices look set to rise as fast as in 1983 despite the halving of the oil price. Economic growth over the last few years has been an irelevance to the more than 3m unemployed.

Serious economists are worried about the medium-term implications of the massive deterioration in Britain's manufactured trade. Industry's recent competitive gains could still be frittered away in higher profits and earnings rather than increased output.

But even if they lambast his policies, Mr Lawson's political opponents and critics can hardly dispute his extraordinary good fortune.

That, of course, is not the way the Chancellor will present it. For him the tax giveaway represents the fruits of sound financial management during eight years of Conservative rule. The strength of the economy reflects the result of adherence to the Medium Term Financial Strategy which Mr Lawson himself drafted as a junior Treasury minister in 1980.

M/C 28 8/8½

There are one or two presentational problems. Mr Lawson has only in the last two months appreciated just how large the so-called "fiscal adjustment" will be. In December he told the House of Commons that he doubted whether he would be able significantly to reduce taxes. He had already, he thought, given the money away when he decided to abandon attempts to hold public spending constant in real terms and to add £10bn to the totals over the next two years.

Since then the picture has been transformed by the extraordinary buoyancy of receipts from corporation tax and value-added tax. As one official puts it: "Since we did not know until January that there was so much money coming in we can hardly claim it was all good judgment."

That said, Mr Lawson finally is in a position to deliver a hefty first instalment of the tax cuts which the Government has always promised but, as yet, failed to deliver.

Sir Geoffrey Howe, the then Chancellor, did cut the basic rate of tax from 33p to 30p (it was lowered to 29p last year) and the top rate from 83p to 60p in his first Budget in 1979. But that was paid for by almost doubling the rate of VAT to 15 per cent.

In his second and third Budgets in 1980 and 1981 taxes were effectively raised by around £6½bn before being reduced again by nearly £5bn in the following two years.

Mr Lawson's record is slightly better — taxes have come down in each of his three Budgets, but hardly spectacularly. Some taxes have been abolished altogether—the investment income surcharge, the employers' national insurance surcharge and capital transfer tax among them.

The overall tax burden on the economy, including corporate expenditure as well as income taxes, has none the less risen from 33.8 per cent of national income in 1978-79 to around 38 per cent now.

To get the burden back to the levels of the early 1970s, Mr Lawson said in his first Budget, would mean freezing public spending in real terms for a decade. Since he made that remark, the Government has raised public spending by over 7 per cent in real terms and plans further increases over the next few years.

> After his promising start in 1984, Mr Lawson has seen many of his ambitions fall victim to the political antennae of the Prime Minister

Cuts in income taxes have been targeted on the more affluent. An unmarried worker on average earnings has seen little change since 1979 in the around 32 per cent of pay taken by income tax and national insurance contributions. For someone of the same status on 10 times average earnings there has been a sharp fall in the Government's share from 67 per cent in 1979 to around 53 per cent now. At the other end of the scale an individual on half average earnings has seen thet proportion rise from 23.5 per cent to nearly 26 per cent now.

Everyone is paying more in VAT and in excise duties. The duty on petrol, for example, has risen by over 52 per cent in real terms since 1979. Smokers have had an expensive health education lesson in the form of a 76 per cent increase in the duty on 20 cigarettes. Only the duties on wine and spirits have fallen.

That said, the majority of those in work have undoubtedly prospered under the Tories—the real post-tax earnings of a man on average wages rose by about 11 per cent between 1979 and 1986.

Lots of other things have changed since 1979. Then Sir Geoffrey used to begin speeches to the Commons by stating his determination to control sterling M3, the broad money supply measure at the heart of the first Medium Term Financial Strategy. In November 1979 the publication of figures showing that it had grown by 2 per cent in the previous month was the signal for an emergency increase in interest rates and the speeding up of oil companies' tax payments.

Since then such increases have become almost commonplace and sterling M3 has been unceremoniously ditched as a serious guide to policy, barely mentioned by the present Chancellor outside the confines of the City.

The eventual defeat of inflation remains the starting point of the MTFS and Mr Lawson restated that goal at last year's Conservative Party conference. In reality, a further ratcheting down in the pace of price increases has taken second place since 1983 to ensuring that output continues to expand.

The policy on reducing the public sector borrowing requirement has been more consistent, if slightly blurred by the Treasury's peculiar treatment of privatisation proceeds as negative public spending rather than as borrowing.

If these receipts are added back in, the Government's borrowing is likely to turn out as perhaps only 2½ per cent of national income in the current financial year, down from closer to 5 per cent in 1979. Mr Lawson should have little trouble keeping to that target in 1987-88 even if he chooses to announce tax cuts of £3bn.

Another constant thread has been parallel promotion of wider share ownership and the privatisation programme. A survey commissioned by the Treasury to coincide with the Budget is expected to show that the number of individual shareholders has climbed from around 3m in 1979 to about 8m now. Mr Lawson might well decide to push that process further on Tuesday, with the introduction of further incentives for employee share schmes and for personal equity plans.

The extent to which this Budget wil provide a bridge to the policies of a third Conservative Government is more difficult to gauge. In economic terms it would be the ideal moment for Mr Lawson to restore some of his lustre as a tax reformer. Change inevitably involves losers as well as gainers, so the time to introduce it is whe nthe pill can be sweetened with tax cuts for all.

But after his promising start in the 1984 Budget when he overhauled the corporate tax system, Mr Lawson has seen many of his ambitions fall victim to the political antennae of the Prime Minister.

The Conservatives may be floating the idea of a further major shift towards indirect taxation during a third term, but the Chancellor has promised that there will be no move in that direction during the present parliament. Whether Mrs Thatcher would want to begin a new parliament by imposing VAT on food, children's clothing and fuel must be open to question.

The logic of moving towards a more neutral tax system would also point to the phasing out of mortgage interest relief—instead Mr Lawson will probably raise it. There may be a parallel decision to confine the relief to the basic rate of tax, but it would be hard to call the overall package reforming.

Similarly, the pension funds have a guarantee that their tax privileges are safe, at least until after the election.

The Chancellor can, of course, point to his ambitious plans for reform of personal income taxes in the early 1990s—involving the replacement of the married person's allowance with a system of single transferable allowances. A difficulty there is that Mrs Thatcher's officials make no secret of the Prime Minister's dislike of the fact that the switch would discriminate against working women. "She thinks it is sexist," comments one Downing Street adviser.

There may also be a more fundamental problem—a re-elected Conservative Government may never again have as much money available as this year. Some of the current buoyancy of tax revenues is likely to represent a permament income gain to the Treasury but perhaps half is a one-off windfall.

The progressive run-down in North Sea oil revenues and the prospect that the Treasury will eventually run out of assets to privatise will also put a squeeze on government finances. So unless Mr Lawson were to succeed where the Government has failed for the last eight years—in holding public spending constant—Tuesday may be the first and last of the Conservatives' tax bonanzas.

Man in the News

Arturo Cruz

A Contra who was never a pro

By Peter Ford in Managua

ARTURO CRUZ was always an unlikely freedom fighter. More comfortable in a three-piece suit than modelling his "I am a Contra too" T-shirt for photographers alongside President Ronald Reagan, he was the face of Contra respectability.

Bespectacled and patrician, the man who resigned from the Nicaraguan rebel leadership this week was the quintessential technocrat.

The most respected political leader of the anti-Sandinista guerrilla movement, Cruz, 63, is a man of moderation in both politics and personal style. For years he has clung valiantly to his faith that there is a middle way through the conflict besetting his country—but he has never been quite sure where to find it.

Educated at Washington's Georgetown University, Cruz was safely berthed at the Inter-American Development Bank before he plunged into the maelstrom of revolution and counter-revolution.

He emerged into the spotlight 10 years ago, when he joined a group of other distinguished Nicaraguans known as the Group of 12, who had allied themselves with the Sandinistas to seek an end to the 50-year Somoza dictatorship. He did so, he explained later, on the understanding that the new government would leave room for private enterprise, hold free elections, and depoliticise the army—a reformist government built upon social democratic principles. But he misjudged what the Sandinistas were about.

A few weeks after the 1973 revolution, which brought the Sandinistas to power, Cruz was attending an economical policy making meeting as governor of the central bank. He was surprised to find uniformed members of the Sandinista directorate at the table. "It had not dawned on me until then." Cruz confessed later, "that the National Directorate was going to run the country."

Even when it did dawn on him, Cruz soldiered on, switching from the central bank to the country's ruling junta for a spell, and then moving back to his family in Washinington as Nicaraguan Ambassador to the US.

The strain of representing a revolutionary junta with which he was increasingly out of sympathy soon proved too much, however. Cruz resigned.

Three years later, he was tempted back to the fray by the Nicaraguan presidential elections, in which he campaigned on an opposition coalition ticket.

Charging that the opposition was not being given a fair chance, he pulled out of the race, and went back to Washington.

There, he was snapped up by the State Department, which was looking for an honourable man with democratic credentials to polish the image of the Contra. A familiar face in Washington, Cruz set about convincing Congressmen of the legitimacy of the Contra cause.

He and his State Department allies believed that to win international public opinion and Nicaraguan sympathies the Contras needed a political programme which was both democratic and pluralistic — as Cruz said in his resignation statement, they had to become "a liberation movement rather than a legion of conquerors." This involved weeding out officials accused of drug smuggling and corruption, and, above all, making the Contra military chiefs answerable to a broadly based civilian leadership. But his efforts at reform were constantly frustrated.

Cruz's critics have called him a political innocent, who misjudged first the Sandinistas, then the Contras.

Cruz himself acknowledged ruefully this week that "Part of my tragedy is that I am not a politician."

Now, the politicians and the soldiers are back in charge of the Contras; but their future both inside and outside Nicaragua looks bleak.

On the battlefield, Cruz's resignation will mean little. The peasant youths who make up the Contra army had scarcely heard of the man and owe their loyalty to the military commanders. Among the top commanders, a majority of whom are former Somoza National Guard officers, Cruz is immensely unpopular, regarded as an imposition from Washington.

But if the Contra foot soldiers are going to keep up the fight against the vastly superior Sandinista army, they will soon need more weapons. And the only constant source of such weapons is the US Congress. There, Cruz's resignation could prove a body blow

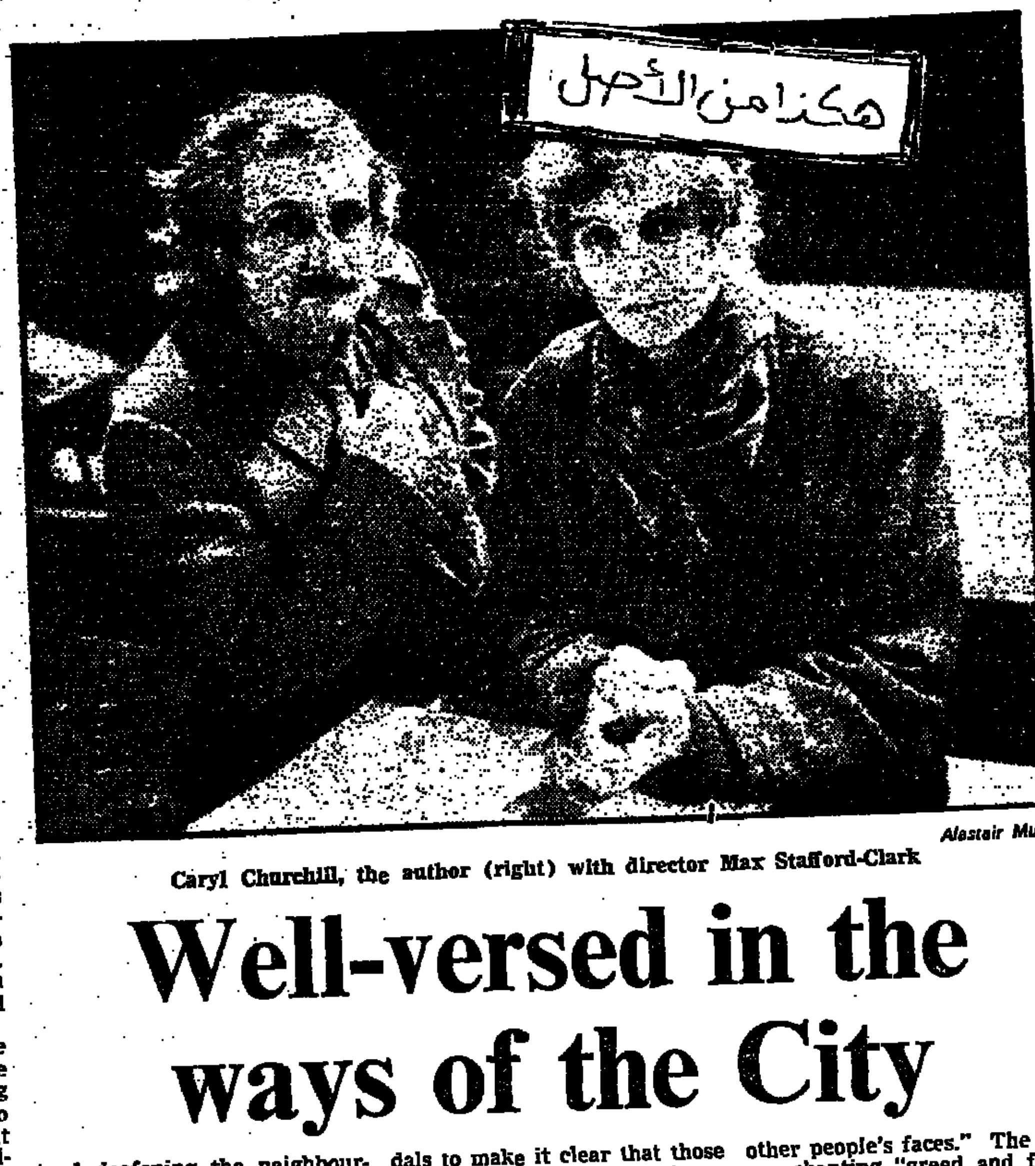
The price of congressional Democrats' support for Contra aid has long been Contra reform and Cruz was their supposed guarantee that reforms would take place. Now that he has thrown in his hand in disgust, the Democrats could follow suit.

Congress scepticism about the Contras has deepened with the revelations of the Irangate affair. And while the Tower *Commission's report found no* conclusive evidence of illegality in the alleged diversion of funds to the rebels, it has opened up many leads to be followed by congressional committees and FBI teams investigating the question of Contra funding.

These investigations may well provide further embarrassing evidence before Congress votes next autumn on an Administration request for another $105m (£66.1m) in aid for the Contras.

Rarely have the Contras seemed to be in such disarray. But they have been written off before — when Congress suspended funding in 1984, for example — and to do so now may prove premature. The rebels have six months to rehabilitate their image before the crucial Congressional aid vote in September—and even a Democrat-controlled Congress may be unwilling to rebuff them, and face charges of being soft on communism.

In Washington, Cruz is settling down to a quieter life, lecturing, consulting, and perhaps a book. But even twice bitten by his political experiences, no one is betting he will remain shy. As his friends and enemies concur, with Arturo Cruz, you never know what he might decide to do.



Alastair Muir

Caryl Churchill, the author (right) with director Max Stafford-Clark

Well-versed in the ways of the City

David Lascelles watches rehearsals of a savage satire on the people behind Big Bang

FOR ALL the drama that it creates, the City of London has seldom inspired the theatrical world to produce great works. Men in pin stripes mouthing financial jargon, it must be said, do not make the best dramatis personnae.

But a rare meeting of Mammon and Thespis is about to take place at the Royal Court Theatre in London's Sloane Square where a new play about the City is in the final stages of rehearsals. Called "Serious Money," it is a fierce satire about the UK financial community, with a lot of Wall Street thrown in as well. The author is Caryl Churchill who is known for her plays about people driven by obsessions, and for her skill in researching and recreating the atmosphere of very particular places. Quiet, keenly alert and in her early 40s, she has clearly found in the City the very stuff of dramatic tension. "The City is appalling," she says, "but in a very interesting way."

Although the momentous events in the City in recent months — Big Bang, the scandals and the takeovers — might have triggered the idea of a play about high finance anyway, "Serious Money" had its origins before that. Ms Churchill was thinking about the City as a theme early last year. So was Max Stafford-Clark, a director with whom she had worked in the past.

"Royal Court plays are usually about poor people," he said. "Actors are always being asked to depict poverty." So why not do something about rich people, thought Stafford-Clark. After all, the Restoration comedies owe much of their vigour to the fact that they are about money and the grasping middle classes.

To prepare themselves for this unusual endeavour, Churchill and Stafford-Clark assembled a team of eight actors last summer for a "City workshop." They each joined City institutions for a couple of weeks to imbide the atmosphere, meet the people and get a feel for how the City works. Then they tried to re-enact what they had seen and learnt.

The aim at that stage was to mount a production with a minimal plot which evoked the ways of a particular community. This is very much in the Royal Court tradition of "work plays" by writers such as Arnold Whesker and David Storey. But then the City erupted. "It was to be a depiction of people at work. But there was so much happening in real life that we decided we could write a plot," said Ms Churchill. She got to work shortly after Christmas and, propelled by unfolding events, had a script ready within a few weeks. This week she was still updating and reshaping it down in the Pimlico church hall where the cast are rehearsing (and deafening the neighbourhood with their enactments of the trading pits).

The plot is highly topical. The central story is about a Guinness-style takeover in which a ruthless chief executive uses every means, fair and foul, to buy up an old fashioned English company, with fearful results including a couple of deaths.

But Ms Churchill has woven into the story virtually all the contemporary City's most colourful themes: insider dealing, arbitrage, sky-high salaries, corruption, even Third World debt and Mr Ralph Halpern's liaison with a model. There are turbulent scenes set in the financial futures markets and the dealing rooms, and pathetic depictions of the decline of the City's old guard after Big Bang. Brash young dealers in their Lamborghinis, hyprocritical stockbrokers, flashy investment bankers all make up a large cast.

The play frequently refers to the Guinness and Boesky scandals to make it clear that those are not the events being shown on stage. (The American arbitrageur/insider dealer character is actuall ya woman, because Ms Churchill wanted more female parts). The dialogue is written in a curious doggerel with lines which rhyme but seldom scan. Ms Churchill chose that, she said, to evoke something of the energy and wit of the City:

"Trading options and futures looks tricky if you don't understand it. But if you're good at market timing, you can make out like a bandit."

The older City types speak in blank verse, and one ageing jobber even has his lines written in sonnet form.

Churchill wants the play to be exhilarating and funny, but scathing about the forces which she believes drive the City on: fear and greed. In a bitter climax, the play ends with a Conservative election victory and a triumphant City song in celebration of five more years of freedom, "free to step on other people's faces." The cast are chanting "greed and fear" as the curtain falls.

So, is "Serious Money" just a grand exercise in City bashing, with all the stock characters, virtually all of them baddies? Some people may see it that way, including British Telecom which declined to help out with the telephone equipment for the production because it felt the play was not one with which a publicly quoted company should be associated. But the production staff and the cast claim there is much more to it than that.

Caryl Churchill, who describes herself as a Socialist, says her experience in the City has reinforced her belief in a more planned economy. "You cannot have such a devotion to free market forces when there are so many unemployed." She goes so far as to say that the City "is spinning out of control," but she confesses that the closer knowledge she now has of the way the financial system works has taught her that "there are no easy solutions." She was also shocked by the indifference she found there to the problems of the Third World. Yet the playwright in her told her that such worthy issues would only seem boring and obvious on stage, so she steered well clear of didacticism.

"The play does not aim to encapsulate a message, but to draw a picture. What will audiences get out of it? I hope they understand better how the City works, enjoy the exhilaration of it, become more aware of the issues."

For the actors too, their acquaintance with the City was a thought-provoking experience.

Burt Caesar, a West Indian from St Kitts who acts a corrupt African cocoa dealer, found himself in the sugar trading floor one day, and was appalled to discover that the market which ruled his compatriots' lives back home consisted of just one man and a telephone. Linda Bassett, who plays a lady stockbroker, says she doubts if it is even fear and greed which drive the City, only greed. The people she met professed astonishment that she could survive on Royal Court pay levels.

On the other hand, the workshop introduced these actors to a world that is more distant than most from their professional and personal lives. Meera Syal, who brings the Latin American debt theme to the play in her role as a Peruvian copper magnate with all her wealth in a Swiss bank, says: "It was quite an achievement just to learn to read the FT. You are brought up to think of the City as being somewhere quite different."

For Mr Stafford-Clark, the director, "Serious Money" is a play which has shown up just how financially illiterate most people are. And there is certainly a danger that the production—with its frequent references to things like debt-equity swaps, buffer stock buying and Eurobond spreads—will be way over the heads of the Royal Court audience.

But that is a risk which Mr Stafford-Clark and Ms Churchill are willing to take for the sake of authenticity. "I don't mind so long as people get the gist," says Churchill.

If it succeeds, "Serious Money" could mark another step in the steady evolution of finance as an acceptable subject for literary and dramatic treatment. Paul Erdman launched a genre of sorts with "The Crash of '79" in 1977. Since then financial thrillers have proliferated in paperbacks and TV shows. But Mr Stafford-Clark believes this is the first attempt to depict the City on the live stage. The City may not like what it sees, but in the light of the events of the past few months, it could hardly expect sympathetic treatment.

The Zeebrugge disaster

When it's harder to give than to take

By Lisa Wood

THE TELEPHONES have been ringing all day and most of the night this week at Dover District Council's makeshift headquarters for the Channel Ferry Disaster Fund.

To date more than £1.5m has been raised. The Government has donated £1m. The European Commission has given Ecu 250,000 (£175,000) out of its Aid for Disaster in the Community Fund, which has an annual appropriation of Ecu 2.75m. Donations from the British public pour in. Such disaster appeals touch the sympathies of people who otherwise give little to charity.

Londno would not have been rebuilt so quickly after the Great Fire had it not been for private philanthropy argues Mr Benedict Nightingale in his book, Charities (Allen Lane). The equivalent of £1.5m was raised ato help those afflicted by the Crimean War. The results of more recent appeals are shown in the table.

The problem is not in the taking but the giving. Time after time disaster funds have sunk into a swamp of recrimination as to how the money should be distributed.

It is a controversy the four trustees of the Dover appeal fund, meeting for the first time yesterday, are keen to avoid. In establishing their trust fund, they are drawing heavily upon the experience of those who ran the appeal for victims of the stadium fire at Bradford City's football ground in 1985 in which 56 people died.

A key problem identified by the Bradford disaster Fund was the precise status of such appeals. That is, should it be a charitable or a discretionary fund.

A charitable fund attracts generous tax reliefs, but requires adherence to the rules of the Charity Commissioners, which state that money must be allocated on the grounds of need. "Money cannot be used to make somebody rich overnight," the Commissioners say.

A discretionary trust, on the other hand, receives no tax relief but places no limit on the amounts that can be paid to individual beneficiaries.

The charitable fund set up following the great disaster at Aberfan in 1966 when a coal tip moved, killing 116 children and 29 adults, caused considerable bitterness and acrimony within the community and made clear the need for better guidelines. "There were difficulties, which were understandable, in respect of the views of the Charity Commission. It has to abide by the law, which throws up technicalities," says Sir Alun Talfan Davies, chairman of the Aberfan trustees.

Fifteen years later, in 1981, when eight lifeboatmen from Penlee, Cornwall, lost their lives, there was similar confusion. An initial appeal said all the money raised would be distributed immediately to the families of the eight. Four days later, a second statement said money would be held in a charitable trust so that any funds in excess of the reasonable needs of the bereaved would be used for other charitable purposes.

The bereaved complained. So did many of the public. In letters to The Times, dozens said they had believed they were sending their money to the families. The result was a ruling from the Attorney-General that the fund was not charitable.

DISASTERS PAST
Summarised

Aberfan (1966)	£1.75m
Penlee lifeboat (1981)	£3m
Bradford City staium fire (1985)	£4.2m
Herald of Free Enterprise (1987)	£1.5m (so far)

In 1982 the Attorney-General published for the first time guidelines on disaster appeals.

For the trustees of the Bradford Disaster Fund, Penlee and Aberfan offered unmistakeable lessons, says Mr Roger Suddards, chairman of the Bradford fund's trustees and a solicitor. "They gave us the edges of our otherwise clean canvas. Our objective was to distribute the money fairly and quickly."

Bradford set up a Discretionary Trust rather than a charity. Trustees were drawn from Bradford City Council, Pennine Radio and the Telegraph and Argus, the local newspaper. A formula was devised upon which to base distribution. This included the relative scale of burns or injuries, psychological distress and actual financial loss. Drawing upon this information, collated by professionals, who formed an assessment panel, the trustees devised a scheme never disclosed for the precise allocation per person.

"We were satisfied it was fair although we did a few reassessments before making the final payments," says Mr Suddards.

Tax amounted to £92,000, a not inconsiderable sum. The effect, says Mr Suddards, was mitgated by recipients being able to offset part of the payments against their own tax.

Almost all the money was paid out within nine months. "Speed is important," says Mr Suddards. "Money will not eradicate the tremendous emotional stress people suffer in these tragedies. But it removes the fear of financial difficulties."

Much, obviously, rests upon the calibre of the trustees of a discretionary fund. The Treasury, which gave £1m to the Channel Ferry fund has insisted that Sir Peter Lazarus, former Permanent Under Secretary at the Department of Transport, should join the trustees. The other three, at the initiative of Dover District Council, are local people

"It would be wrong to suggest that there will not be criticisms over the allocations. It is bound to happen," says the trust's manager, Mr John Greig, a retired Dover Council official.

Some Dover donors, for example, have wanted to earmark their donations specifically for the families of local crew members. The answer has been a polite refusal.

For the ferry trustees, the problems of assessment may be harder than at Bradford, where the injured lived largely in the immediate area

Nevertheless Mr Greig says he is sure that the discretionary trust fund model is correct. "We will be able to cover a whole spectrum of loss. We also want to be able to disburse the funds within one year."

The experience of Bradford and Dover may well end the use of charitable status for disaster funds. Mr Hubert Picarda, a barrister who was involved in drawing up the Bradford Trust deed, says the issue of the regulation of trustees has not yet caused public disquiet. "If major problems arise," he says "it may well be that legislation is needed. The experience of Bradford was that the team worked out very fairly a system for who got the money. We shall no doubt learn lessons from the administration of this latest disaster fund."

Letters to the Editor

Cutting high tax

From Mr R. Butler

Sir, — There is understandably substantial current Press comment and advice to Mr Lawson on what he should do with his surplus of income.

Great attention has been given to the number of pence in the pound that may be knocked off the standard rate of income tax. It is perhaps worthwhile to note that for 1985-86 the yield from the higher rates of income tax was only £2.4bn. Would this not be an enterprising use of part of the surplus? The total yield from income tax was about £40bn, so it is a relatively small proportion of the whole.

There were about 1.1m higher-rate taxpayers. To reduce their top tax rate to 27 per cent or so, whatever the basic rate will be, would surely be a wonderful incentive to those people that can probably do most to stimulate employment. They might also have to give a little less attention to trimming their taxes.

For all his problems with foreign policy, Mr Reagan has certainly revitalised Joe Public in the US with his tax reform programme. He was set on his way by Mr Lawson taking a new approach to corporation tax. The outcome of that approach is paradoxically creating the UK's current surplus since the corporation tax yield has increased. Is this not an indicator that the same may hold true if Mr Lawson now abolishes the higher rates of income tax?

Would it also not sort out at a stroke the problems of mortgage interest relief, foreign investment relief and the abuse of Business Expansion Scheme relief?

Roger Butler.
7, Rolls Buildings,
Fetter Lane, EC4.

Business schools

From the Chairman,
School of Industrial and Business Studies,
University of Warwick

Sir,—Your editorial on the future of business schools (March 11) gives a misleading impression. While I am sure that members of other business schools in the UK wish London and Manchester well in their negotiations with the UGC, and share a common concern at the inadequate level of both public and private-sector funding of management education in this country, many would not accept that the courses at London and Manchester are "more concerned with scholarship than those at other UK business schools" or that other business schools "place less of a premium on elevated academic studies" than LBS and MBS.

This school is a case in point. It is integrated into a forward-looking and responsive University and draws strength from this relationship. It is research led and places a strong emphasis on rigour and analysis. Several recent external assessments have attested to the quality of the school's activities. The recent UGC funding decision, to which you refer, was partly based on a selectivity exercise which rated our research as "outstanding" by international standards.

It is precisely because we have placed such a strong emphasis on scholarship and academic standards, and have not seen any conflict between these qualities and relevance and practice, that we have been so highly rated. I am sure that we are not the only business school outside London and Manchester which could make similar claims.

(Professor) George Bain.
Coventry.

Compulsory retirement

From Mr F. Meyer

Sir,—Being one of those young olds, I read Joe Rogaly's Lombard (March 5) with special interest.

Re the final point of unemployment of the under-65s being so high: did not Keynes tell us there was an employment multiplier of around two? Thus if one of us is put on to half-pay (retirement) one other loses his job. Similarly if one pensioner is re-employed one other will find a job.

Of course I am biased! Nevertheless the waste of human capital through compulsory retirement is costly not only in social security but also in other people's (under 65) jobs.

Fred Meyer.
54b Blackboy Road, Exeter.

Small investors complain

From Mr D. Barratt

Sir,—Mr I. Ferguson (Non-insider dealing, March 7) has pinpointed an area where small investors indeed have cause for complaint. The regular delays in the settling of accounts by some brokers is nothing sort of scandalous. I have tried on many occasions to determine exactly what "account day" means. Years ago, one could guarantee that cheques from the broker would arrive on that day. Now, the nearest estimate one can get is that cheques will be posted on that day. However this bears little resemblance to what actually happens.

I have telephoned brokers to try and trace overdue money, only to be told that it had already been posted but date stamps on the envelopes have subsequently belied this fact.

Given that the volume of trading, post Big Bang, is considerably increased, those firms who cannot cope with the extra paper work should increase staff to cope with it. Customer satisfaction is surely just as important in the City as in any other business and small investors should not be deprived of interest on their own money. Let us hope that they are given some consideration in this respect in the Financial Services Act.

D. Barratt.
66 Marsh Road,
Fernington St Clement
Kings Lynn,
Norfolk.

Non-insider dealing

From Mr D. Shaw

Sir,—As complete novices of less than one year's experience of investment practices we were very pleased to note the points made by Mr Ian Ferguson (March 7) as we have had similar experiences in the field of unit trusts.

On each of two occasions when we have requested our UT managers to sell on our behalf the deals have been transacted on the same day or within 24 hours. No cause for complaint there; but the time factor involved in the delivery of the proceeds has been tardy to say the least.

The initial sale proceeds were chased after two weeks and were ultimately received three weeks after the sale—but only because of the pressure exerted by us. The second sale proceeds were chased after 10 days and ultimately received after 24 days—again for the same reason.

At the risk of stating the obvious, the reason one sells a UT or any security is to put the money to some alternative and hopefully more profitable use. To have the proceeds of such a sale held in escrow subjects the rightful owner not merely to the loss of say simple deposit interest, but to the loss of the hoped-for higher rate of interest which was most probably the intention of the investor. We wryly note that there are never any monies added in the form of interest gained in the escrow period.

As an amusing corollary we note from our records that the UT managers appear to consistently purchase units immediately on receipt of one's cheque and before even clearing the cheque in question. Is that a touching demonstration of trust in their clients' integrity or merely confirmation of an unseemly haste to secure their commission "up front"?

If such commercial zeal can be so efficiently applied to any "input" to the funds under their control why cannot the same zeal be mustered for monies due on the "output" side?

I do differ from Mr Ian Ferguson in that I consider the delaying tactics of the financial services to be both calculated and deliberate, however strongly the professionals may disavow this point of view. It is no illusion, and is far more commonplace than they appear to want to realise. So is the recognition. On the other hand I entirely agree with Mr Ian Ferguson in that the value of "free" interest accrued and collected in any one financial year must be astronomic. In so saying I exclude banking practice on current accounts from criticism as I appreciate the high cost of handling cash at the banks. In any case I estimate that their contribution to the above "astronomic" figures would be a very small percentage in relative terms.

In the echoes of the hype and ballyhoo which preceded and followed Big Bang, a non-event for the small investor, perhaps the time has arrived for the financial services to provide some real service.

D. H. Shaw.
15 Bell View,
Windsor, Berks.

Tactical voting

From Mr C. McGinn.

Sir, — While appreciating your correspondents' arguments about tactical voting, one major problem remains. The voter who casts a tactical vote for the SDP candidate to keep Labour out of his constituency has no guarantee from the Alliance that it will not join a Labour-led coalition. If the Alliance does so in a hung parliament, then the tactical voter has, by his very vote, caused the result he sought to avoid.

Tactical voting will only be a logical option for ensuring that one particular party does not gain power if the Alliance announces its intentions before the election. Should it not do that the tactical voter has only himself to blame when his MP supports a Prime Minister whose policies that voter fears or dislikes more than any other.

Clark McGinn.
68 Herga Court,
Harrow-on-the-Hill,
Middlesex.

Paying for electricity

From Christine Acaster

Sir,—I read with interest Mr Crum's letter (March 7) on the subject of paying for electricity. The idea of making monthly payments is very good indeed if it is started at the right time of the year, ie, autumn. My flat is all electric with bills being about £150 in both January and April and about £50 in both July and October. Therefore if the monthly payment system is started in October at around £35 per month by the end of March only £210 will have been paid to the Electricity Board of the £300 owed. The remainder will be paid off during the summer. At the end of the monthly payment period if money is still owed the monthly payment is increased for the next year to cover this. I believe it is a very economical way of paying the bills if handled properly.

Christine M. Acaster.
34f Norris Hill Drive,
Heaton Moor, Stockport,
Cheshire.

Favourite airlines

From the Managing Director,
European Data and Research

Sir,—The headline on your report "Survey places BA 15th in favourite airlines league" (March 6) does less than justice to British Airways. The Consumers' Association survey of airline popularity, apart from being restricted to CA members, was a survey of carriers predominantly used for holidays. Charter fliers and holiday passengers are almost always less critical of airline performance than are frequent travellers on scheduled services. This accounts for the relatively high rankings given to some of the charter and holiday carriers by the CA survey.

My company has recently completed a survey, based on a representative sample of 17,500 scheduled flight passengers in Europe. This shows that more people in the UK say they prefer to fly BA than any other scheduled airline (63 per cent versus the next most frequently mentioned airline with 34 per cent) and, on a "preference rating" basis BA ranks equal with British Caledonian, behind Swissair and Cathay Pacific.

Peter Rusby.
222-225 Strand, WC2.

UK COMPANY NEWS

Perry ahead by 32% and current year starts well

THE YEAR 1986 has turned out to be a good one for the Perry Group of Ford and GM main dealers, with all sections returning improved figures.

In particular used car sales performed well by doubling their profit, while the new car section showed a useful increase on virtually unchanged sales volume.

Better sales and even better margins enabled the group to make up a first half shortfall and show a jump of 32 per cent, from £3.56m to £4.7m, in pre-tax profit. And chairman Mr John Macgregor revealed that for the first quarter of the current year forecast profits were up by 17 per cent.

The chairman believed that 1987 would be a particularly successful year. Senior dealership management was responding to a substantial profit linked bonus scheme.

Ford's product range, he said, was at its all-time best and its market share should improve as a result. Trends in interest rates indicated that the home market would have a buoyant year.

He was confident that shareholders would be well satisfied with the results. They participate in the 1986 increase to the extent of having their dividend lifted by 1.5p to 6p net, the final being 4.35p.

Over 1986, considerable momentum had been built up which should be maintained by acquisitions currently under negotiation.

The first nationwide crash repair centre opened in Dunstable last September and was performing to expectations. The next two sites were under negotiation.

"The group made considerable progress in the estate agency business, which it had been building up recently, but development costs led to a net operating loss for the year.

Including two "cold starts," there were 11 agencies operating and a further five were under negotiation. There was confidence, said the chairman, that the division would contribute to group profits this year.

Turnover in 1986 rose 12 per cent to £171.38m and operating profit advanced by 33 per cent, from £4.3m to £5.76m. Interest charges were up to £1.06m (£750,000) so clipping the percentage rise at the pre-tax level. Included in the profit was £250,000 realised on the restructuring of the hire purchase businesses.

Used car profit was ahead by 110 per cent, car servicing by 27 per cent, and new car sales by 16 per cent.

Tax took £1.82m (£1.56m) to leave the net profit at £2.88m (£2.2m) or earnings of 15.8p (11.(p) per share.

The group's property portfolio was revalued at £15.9m and the £5.2m surplus taken to reserves.

• comment

Used-car sales have proved to be the star performer for Perry Group, making a doubled contribution to profits and pipping new-car sales for the first time. The newer estate agency business has proved a slow starter and Perry is taking a more cautious attitude to future expansion in this area. Much of the gain has come from tighter inhouse financial controls—the inventory value of unsold but fully paid-for cars has fallen from £590,000 to £5,000, all dealerships now pay a notional rent and the commission arrangement with Ford Credit for car purchase finance has produced almost £800,000. Determined to add to its dealerships, Perry is negotiating for an eighth Ford operation (and hopes that the car giant will give its blessing on this) plus a couple of units selling Mercedes and Volvo cars. This year anything much short of £6m would be a disappointment, and the shares at 231p, up 8p are on a prospective p/e of 11. However, with net asset value now 168p after the £5.2m property revaluation surplus and two New Zealand raiders (Ron Brierley and Bruce Judge) holding almost 21 per cent of the shares between them, there could be an interesting period ahead.

BTP wins battle for Barrow Hepburn

By Clay Harris

BTP won the battle for Barrow Hepburn yesterday, declaring its £31.8m bid unconditional after gaining control of 52.1 per cent of the chemical and engineering group's shares.

The offer had been recommended by the Barrow board, which had been trying since December to resist a hostile takeover bid by Yule Catto, the chemicals, building products and plantations group.

Barrow, once Britain's leading tanner, had extricated itself from the troubled leather business but a series of acquisitions and disposals over the past decade failed to create consistent success.

Yule Cato said yesterday that it had received acceptances for 2.65 per cent of 2.65 per cent of Barrow's shares, to take its total interest to 6.82 per cent. As a result, it had planned to withdraw its offer even before BTP's announcement.

BTP, also a chemicals manufacturer, said that its cash alternative of 70.38p would remain open only until March 27. Its 23-for-50 share offer, worth 86.5p yesterday, has been extended indefinitely.

Yule Catto has not yet accepted BTP's offer on behalf of the 4.17 per cent owned by itself and an associate. Barrow shares were unchanged at 79p.

British & Commonwealth takes 24% of Appletree

BY CLAY HARRIS

British & Commonwealth Holdings is to take a 24 per cent stake in Appletree Holdings, the snack foods manufacturer and fresh produce distributor which is moving to a full listing.

The financial services and transport group will pay £6.4m for its stake, which was announced yesterday along with an institutional placing of an additional 7.4 per cent of Appletree's equity through Kleinwort Grieveson. The 160p placing price puts a £28.7m value on Appletree.

It also emerged yesterday that B&C, now headed by Mr John Gunn, gave financial backing last year to two unsuccessful attempts by Hunters Foods, now part of Appletree, to buy the Golden Wonder crisps company.

Hunters' offer of more than £50m was pipped by Dalgety in the initial sale, which was cancelled after Hanson Trust won the battle for Imperial Group. In the subsequent auction, Hunters led the bidding with a £90m offer. The deal was not completed, however, because of capital gains tax complications and Golden Wonder ended up with Dalgety after all.

The contact established at that time led to yesterday's deal, according to Mr David Johnson, Appletree chairman and chief executive and co-founder of Hunters. Mr David Kinloch, B and C director and chairman of its Steel Brothers subsidiary, will join the Appletree board.

With cash resources of £9m, Appletree will be looking for appropriate acquisitions, Mr Johnson said. These are likely to be in sectors in which Appletree can take advantage of its access to retailers but will not be limited to existing businesses.

Hunters claims nearly 5 per cent of the UK crisps market and 2 per cent of sales of other snack foods, such as its Burger Bites and Crispy Crunchies. It reported pre-tax profits of £590,000 on sales of £18.4m in the year to last September 27.

The original Appletree business supplies pre-packed potatoes and fresh vegetables to UK supermarkets. It also imports vegetables and citrus. Pre-tax profits reached £769,000 on turnover of £17.8m in the year to September 30.

The merger of USM-quoted Appletree and privately-owned Hunters was announced in January. After yesterday's placing, Mr Johnson will own 24.6 per cent of Appletree Holdings, in which Appletree shareholders are being offered shares on a one-for-one basis.

Swiss-based Unifood International Investments will have a 17 per cent stake, a Johnson family trust 9 per cent and Mr Maurice Webb, Hunter's co-founder, 7 per cent.

USM trading of the old Appletree shares (suspended at 150p) will resume on Monday with the new shares expected to commence trading under the full listing on April 7.

• KLM, the Dutch national airline, is in talks about taking a minority stake in IML Air Services, B & C's international courier subsidiary. KLM was already discussing the purchase of a 15 per cent holding in B & C's Air UK.

Bremner battle heads for the courts

By Philip Coggan

THE BATTLE for Bremner, property and department store group, headed for its inevitable destination yesterday — the courts.

An increasingly vituperative fight is being waged between Mr James Rowland-Jones, chairman, installed after a boardroom coup last year and City and Westminster Financial, the group with which Bremner nearly merged in September.

On Tuesday, at an extraordinary general meeting, CWF will attempt to unseat Mr Rowland-Jones. In the days leading up to the vote, shareholders have been deafened by the sound of angry circulars thudding onto their doormats.

Mr Rowland-Jones has already called in Department of Trade inspectors to investigate the shareholding structure of Bremner. CWF holds a 26 per cent stake, which it says it obtained in an open way, through a nominee company called Malaga. The beneficial owners of which were revealed in a Bremner circular last year.

Mr. Monday, in Bremner's annual report, Mr Rowland-Jones launched a sharp attack on CWF and Mr Andrew Greystoke, its chairman. CWF immediately replied with sharp criticism of the presentation of the figures.

Three days later, Mr Rowland-Jones sent out a further circular with attacks on the individual records of the members of the CWF board. It proved to be the straw that broke the camel's back.

Mr Piers Fitzwilliams and the company CWF itself in the light of the allegations propose to sue for libel.

More allegations can be expected at Tuesday's EGM.

Progress continues at Youghal

A CONTINUED recovery in the second half has given Youghal Carpets (Holdings) taxable profits of I£303,000 (£275,000) for 1986 compared with losses of I£1.44m. At the interim stage the company made a turnround into profit with £23,000 pre-tax against a loss of £497,000.

The directors of Youghal, County Cork-based carpet maker, spinner and dyer, said the improved trading conditions in the group's principal markets, indicated at the half-way stage, had continued. Product development and marketing programmes had been successful, which enabled them to strengthen the company's position in all sectors.

However, despite achieving their objectives in the market place the financial impact was eroded, they said, in their main export markets because of the continued weakening of the US dollar and sterling. The group's significant manufacturing base in the UK provided some protection against the effects of the relative strength of the Irish currency.

The relationship between the Irish punt and sterling had created competitive pressure on the Irish manufacturing units. While the recent trend in sterling was welcome the directors said they would take all necessary actions to ensure the Irish manufacturing base remained competitive.

The full benefits of the capital investment projects undertaken during the year would continue into 1987. A further programme of capital investment was in place for the next three years to ensure the group kept pace with new technology. That programe would consolidate marketing plans over that period, they said.

Turnover for the year rose by nearly 6 per cent to I£44.59m (I£42.21m), generating a trading profit of I£1.15m (I£452,000 losses). Interest was slightly lower at £940,000 (£985,000), and there was an exceptional credit this time of £98,000.

There was no tax (I£929,000 credit), and an extraordinary I£163,000 credit (I£867,000 debit).

Earnings per share came through at 1.3p (2.8p losses), or fully diluted, at 0.1p. There is again no dividend. The last payment was in 1977.

Ford & Weston agrees bid from Raine

By Nikki Tait

Ford & Weston Group, the East Midlands builder and shopfitter in which shares were suspended at 80p last November, last night announced that it had agreed to a £9.1m bid from Raine Industries, the housebuilder and steel re-roller of which Mr Nigel Rudd is chairman.

Directors of Ford & Weston, together with certain other shareholders, have given irrevocable undertakings to accept in respect of 52 per cent of Ford's shares, and holders of another 25.8 per cent have indicated that they will also accept.

Under the terms of the offer, shareholders can swap one Ford & Weston share for one in Raine. Yesterday Raine shares were trading at 103p, although the offer came too late to make much impact.

There is no cash alternative but Savory Milln, the company's broker, who first placed the shares at 85p in June 1986 when the company came to the USM, are offering to buy back at a similar price although holders of 77.8 per cent of the shares have indicated that they will not take cash. The suspension of dealings will not otherwise be lifted.

Ford & Weston announced last December that the placing forecast of £925,000 pre-tax for the year to end-September would be missed by a "very substantial margin." This was due to losses in C. Miskin, one of the company's subsidiaries in the south-east which, it revealed yesterday, are estimated at £1.59m.

Miskin will probably now be sold to its existing management for a nominal sum—but at any rate will not remain in the group after the Raine deal. The rest of the group traded as expected, making a pre-tax profit of £945,000 in 1985/6. Net assets at end-September, excluding Miskin, would have been £4.27m.

Raine, which owns a 23.2 per cent stake in construction group Tilbury, for which it has said it will not bid before June, reported doubled profits of £874,000 in the year to June 1986.

Sutherland makes some recovery

E. T. Sutherland and Son, the USM maker of canned and chilled food products, made a substantial recovery in the second half of 1986 but failed to pick up the ground lost in the opening six months.

As a result, turnover fell from £23.64m to £22.94m, and profit before tax from £829,000 to £502,000 for the year.

However, this year was exacerbated by £246,000 exceptional reorganisation charges, thereby bringing the profit down 69 per cent to £256,000. The final dividend is 1.87p for an unchanged net total of 3.33p. Certain shareholders have waived their rights to £266,000 (£317,000).

The figures were contained in the document for the recommended £7.76m merger with the fully listed Home Farm Products, a pork butcher. Full acceptance would give Home Farm 44 per cent of the enlarged group. Home Farm had already announced first half profits of £257,000 (£669,000).

The document stated that the combined product range was expected to accelerate sales and marketing opportunities. Significant economies in purchasing of supplies were also anticipated, while the comparable customer lists should lead to substantial distribution savings.

The group believed that, as a quality orientated and innovative manufacturer, it would fill a specialist niche in the highly competitive grocery market, with both branded and private label brands. It was currently reviewing further opportunities for growth, both by organic development and by modest acquisition.

Mr Peter Sutherland, present chairman, will become president, and Mr Michael Moss, formerly with Unilever, will join the board and become non-executive chairman. Mr J. Micklethwaite and Mr W. Hall, of Home Farm, will also join the board.

Excess Insurance boosts profits 26%

Excess Insurance Group reported a 26 per cent improvement in pre-tax profits from £10.7m to £13.5m in the year to December 31 1986.

Premiums written totalled £300.5m (£253.7m); the underwriting balance was £25m (£17m) in loss; and investment and other income including realised gains were £38.4m (£27.5m).

Tax charges totalled £5.4m (£5m) and retained profit amounted to £8.1m (£10.6m). Shareholders' funds increased from £86m to £108.5m.

SHV leaves options open on new offer for IC Gas

SHV tried to dampen speculation yesterday that it was planning a new offer for all or part of Imperial Continental Gas Association, the Calor gas and investment holding group. It did not, however, permanently foreclose any options.

The private Dutch company said that it did not "intend to mount a tender offer in competition to the current tender offer" at 710p for about 15 per cent of IC Gas by the Belgian holding companies, Groupe Bruxelles Lambert and Tractebel, which together already hold 14.9 per cent.

SHV's own tender offer at 700p for 23 per cent of IC Gas, lapsed on Wednesday when it failed to attract the minimum of 7.5m shares. It owns 4.9 per cent.

The Dutch concern also said that it had no "current intention to take the initiative in making a full bid for IC Gas." —another statement which gives SHV leeway in dealing with any developments.

SHV and the Belgians are interested in different parts of IC Gas, which the management plans to split into two companies. GBL and Tractebel have a stake in the Belgian investment portfolio, which includes holdings in Petrofina and several utilities. The Dutch have their eyes on Calor.

IC Gas shares fell 3p to 719p yesterday.

Invergordon climbs to over £5m

PRE-TAX PROFITS at Invergordon Distillers, a holding company with its main interests in the distilling and marketing of Scotch whisky, rose from £4.5m to £5.2m in the 12 months to December 31, 1986.

Turnover, inclusive of £22.8m (£2.44m) duty, amounted to £60.1m—virtually double last time's £31m.

The directors said that the results included the first complete year for Charles Mackinlay since it was acquired by Invergordon in November 1985.

They said the acquisition had added valuable brands

Tax totalled £1.7m (£1.4m) and earnings per share worked through at 15.51p (15.7p). The declared interim payment moved ahead from 3.25p making a total of 5.25p (4.75p).

Ladbroke warrants

Ladbroke Group said that the terms attached to its warrants had been adjusted as the result of the three-for-10 rights issue announced last week (March 6).

The subscription price is reduced from 40.3p to 38.8p per share and the number of shares for which warrant holders are entitled to subscribe is increased by the multiple of 40.3/38.8.

Sycamore cuts losses to £0.33m

Sycamore Holdings cut its pre-tax losses from £820,000 to £327,000 in the year to September 30 1986 on turnover considerably lower at £4.71m compared with £10.1m. No dividend is again payable.

After a refund from the group's pension schemes, a net profit of £1.45m was reported, and it boosted extraordinary credits to £1.78m against debits of £710,000 in the previous year. As a result of the extraordinary items, net assets per 25p share increased from 20p to 37p.

There was a loss per share of 3.9p (9.69p) before extraordinary items, and earnings of 17.12p (18.09p loss) after.

The directors of this Burnley-based holding company —it has interests in kitchen and garden furniture, foundry and plastics products—said that sales of garden furniture were below earlier expectations, as were those of the moisture tester and injection mouldings. That situation continued into the first quarter of the year.

However, they said sales were now improving and order books in all divisions were stronger than for some time, particularly in the leisure export markets.

James Wilkes falls into the red in second half

CONTINUING problems at its Deritend Engineering subsidiary left James Wilkes with pre-tax losses of £215,917 for 1986 against profits last time of £788,424. The maker of printing and box making machinery and promotional products made an interim profit of £230,663.

However the directors are proposing an unchanged final payment of 3.75p making a same-again total of 6.75p. The shares closed down 2p at 138p, having fallen 17p the previous day. The loss per share came out at 4.2p (13.3p earnings).

The directors said that Deritend sustained substantial losses on completing two large contracts making bespoke machines. It had since been decided to change to making more standard machines and the year's figures included major write-offs in connection with the previous activity.

The offshoot was now trading profitably and had a good order book. The other parts of the group were trading well and directors were confident that Wilkes would return to profit in the present year with a pre-tax trading figure of not less than £750,000 expected.

Turnover increased from £5.75m to £7.04m. There was a tax credit of £44,058 (£246,442 charge) and extraordinary debits of £20,000 (£177,551).

Michael Peters moves up

Michael Peters, a USM-quoted marketing services and design consultancy, saw pre-tax profits rise by more than 50 per cent from £207,000 to £312,000 in the half year to December 31 1986. Turnover moved ahead from £3.67m to £5.1m.

However, Mr Michael Peters, chairman, said that profitability had been restricted during the six months by the seasonality associated with the company's increased involvement in overseas markets, and by its further investment in the new business areas established last year.

Mr Peters reported that the group was currently experiencing the highest level of demand for its services in its history. The company's efforts continued to be directed towards increasing the net return from its activities and Mr Peters said that the investment the company had made in the quality and strength of its services had proven to be the right strategy.

Tax charges amounted to £112,000 (£93,000) and earnings per share moved up from 2.01p to 2.7p. The declared interim payment is lifted from 1p to 1.2p.

Arncliffe says no

Arncliffe Holdings rejected Govett Strategic Investment Trust's 75p per share offer for the 68 per cent of the Leeds-based builder that it does not already own.

Arncliffe, unchanged at 88p, said that a revaluation of its properties had increased net asset value to 180p per share. Govett bought its 32 per cent stake at 75p and was obliged under takeover rules to offer at least the same terms to all shareholders. Its offer values Arncliffe at £3.75m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Invergordon Dist	3.75	May 8	3.25	5.25	4.75
Perry Group	4.35	July 6	2.85	6	4.5
Michael Peters‡ ......int	1.2	May 29	1	—	2.6
E. T. Sutherland‡	1.87	June 5	1.87	3.33	3.33
J. Wilkes	3.75	—	3.75	6.75	6.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

New England shares leap

BY RALPH ATKINS

SHARES IN New England Properties went up 27p to 53p yesterday as control switched to two new directors who plan to use it as a vehicle for syndicating property development projects.

Mr David Jackson and Mr John Hackman, who joined the company's board yesterday, have together bought a 50.1 per cent stake in New England from the Hunting Group. They have also announced a rights issue to raise £1.9m after expenses.

The company plans to use the money raised to help fund development projects

Mr Jackson and Mr Hackman bought 13.05m shares at 4.23p each. Because they own more than 30 per cent of the company's shares, takeover rules mean they have to make an offer for the rest of the issued equity.

The offer they have made is 5p cash for each New England share and 20p for each £1 nominal of loan stock.

So far shareholders representing 86.4 per cent of issued shares have undertaken not to accept the offer and are backing the rights issue. Hotspur Estates, which owns 50.3 per cent of loan stock has also said it will not accept the offer.

The rights issue involves 41.25m shares at 5p each. The terms are three new shares for every two ordinary and six new ordinary for each £1 nominal of loan stock.

New England has also announced preliminary results for the year to December 31, 1986. These show a pre-tax profit of £121,000 on a turnover of £4.66m. In 1985 the company made a loss of £697,000 on a turnover of £838,000.

However the profit and loss account also includes extraordinary items of £1m due to property disposals that enabled the company to substantially reduce its borrowings. The loss attributable to shareholders was £85,000 compared with £697,000 in 1985.

IEP lifts holding in Equity & Law

IEP Securities, part of the Brierley Group of companies run by New Zealand businessman Mr Ron Brierley, announced yesterday that it had increased its stake in Equity & Law, the life assurance company, to 22.9 per cent.

Yesterday, market speculation also linked Mr Brierley's name with the recent purchase of shares in Union Discount. No one was available in London to comment for IEP or Mr Brierley, and L Messel, the stockbrokers which purchased the shares, refused to disclose who their client was. The brokers did, however, confirm that a stake "of more than 5 per cent and under 15 per cent" had been bought.

Mr Graeme Gilchrist, Union Discount's deputy chairman, said the company had not been notified of the purchase yet and had no notion of who might be involved. According to the recent annual report, the Kuwait Investment Office held a 6.6 per cent interest.

Mitchell Cotts

The payment of a dividend by Mitchell Cotts would cost some £480,000 and not £4.8m as was reported in yesterday's Financial Times. Forecast profits after taxes and extraordinary charges for the trading group are £14m for the year to June 1987.

Blacks buys sports shops

BY RALPH ATKINS

Blacks Leisure, saved from receivership by a £1m package raised by a consortium, in October, is to acquire two chains of sports shops for £891,000.

The camping and leisurewear retailer yesterday announced a deal to buy Howard Sports, based in the North West, and Sullivan Sports, in Liverpool. The deal is conditional on shareholders' approval.

r Bernard Garbacz, chairman of Blacks since November, said the acquisitions were part of a recovery programme for the group.

The deal will be financed by the issue of 9.52m new Blacks' shares, representing 14.6 per cent of the enlarged capital. Of the new shares, 6.9m have conditionally been placed at 10p each by stockbrokers Hichens, Harrison and Paul E. Schweder Miller.

The remainder have been retained by Mr and Mrs Neil Howard, founders of Howard Sports. Mr Howard will be responsible for the day to day management of the new sports division.

Howard Sports consists of six shops. In the year ended June 1986 profits before tax were £174,911 on a turnover of £1.42m. Over the same period Sullivan Sports, which has three shops, had a turnover of £626,374 and pre-tax profits of £42,246.

COMPANY NEWS IN BRIEF

ABU DHABI Investment Authority increased its interest in MAI to 5.37 per cent and told the financial services and advertising group that the holding was a long-term investment.

GROSVENOR SQUARE Properties Group has sold its four-acre site in Terminus Terrace, Southampton, for residential development. Consideration was £1.8m without the relevant planning permission.

LODGE CARE has acquired Brooklyn Nursing Home for £900,000 cash. Lodge now has six residential and 13 nursing homes and said the purchase closed the gap in its geographical spread between Brighton and Hastings.

WOODHOUSE & RIXSON (Holdings) has entered into a conditional agreement to acquire Shildon Forge, based at County Durham, for £1.08m, to be satisfied via the issue of 1,636,364 new ordinary shares. Woodhouse said the purchase will give it an entry into specialist engineering. Of the new shares issued 878,788 have been placed by Samuel Montagu. Shildon had a turnover of £2.8m and gross profits of £572,000 for the year to September 1986.

GRAMPIAN HOLDINGS has announced the sale of Clachan Construction to a company owned by senior members of the Clachan management. None of the purchasers of the shares were directors of Clachan. Yet assets of Clachan at December 31 1986 were £161,459. The consideration for the sale is £106,000; £30,000 was paid on completion and the balance of £76,000 plus interest, is payable in five equal annual instalments.

POWELL DUFFRYN (engineering, fuel distribution and shipping), has acquired Bristol Pneumatic from the Kaye Organisation for £1.2m cash and repayment of £500,000 existing inter-company loans. Bristol, which specialises in the manufacture of compressors, has annual sales of approximately £3.8m.

WYNDHAM GROUP (engineering and property): Company is to acquire for £385,000 cash a number of units at the Springvale and Llantarnum industrial estates, Cwmbran, Gwent from the Cwmbran Development Corporation. The units currently produce a rental income of £46,000 per annum.

KLEINWORT BENSON International Income Bond Fund: Net asset value at March 4, 1987 was £5.70 xd per participating redeemable preferred income share (£20.41 xd per three-for-one capitalisation issue. Interim dividend of 15.03p (65.33p before capitalisation).

HICKSON, the chemical, timber protection and merchant distributor, has acquired 80 per cent of Pitt Metals & Chemicals Inc. and its subsidiary Electrochem International, with effect from February 23. These Pittsburgh-based companies are engaged in the manufacture of tin chemicals, utilising environmentally secure electrochemical technology. The consideration is $200,000 to purchase a small number of shares from existing shareholders, and $3.6m to purchase new shares issued by PMC.

ROBERTSON RESEARCH (technical and geological services to natural resource explorers) has sold loss-making instrumentation, logging systems and software activities of Robertson Research Engineering Services to the existing management for £320,000 cash, negotiations for the disposal of the business to a third party having broken down.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or –	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
UU	F.P.	30/1	87	65	‡Avesco (Reg) 1p	83	......	10.5	6.6	0.8	21.3
§215	F.P.	—	353	272	Barbour Index	353	......	R4.0	3.1	1.6	28.7
UU	F.P.	—	63	37	‡Border TV	99½	+3	†q2.5	3.2	5.9	14.6
125	66	3/4	127	104	British Airways	125½	–½	R6.0	2.4	4.6	10.5
105	F.P.	27/3	164	127	Capital Radio 10p	163	+8	W5.0	1.8	4.3	17.7
§110	F.P.	20/3	133	123	Dale Group 10p	131	......	R4.5	2.6	4.8	11.4
§125	F.P.	—	136	133	‡Forward Group 5p	135	–1	U2.2	3.2	2.3	18.1
§70	F.P.	27/3	92	80	‡Hewetson 10p	92	+5	R2.7	2.1	4.1	16.5
§250	F.P.	8/4	355	315	Hobsons Publishing 5p	355	+5	U6.25	2.2	2.5	26.3
††	F.P.	—	130	120	‡Image Storage $0.01	120	......	—	—	—	—
§115	F.P.	16/4	146	135	‡JSB Electrical 20p	136	......	L2.9	2.8	3.8	16.5
§95	F.P.	—	135	108	‡Miloys 5p	135	+1	R2.0	3.7	2.1	18.3
§100	F.P.	—	109	101	Paribas French Inv. Tst.	106	......	—	—	—	—
§120	F.P.	26/3	154	127	‡Prism Leisure Corp 10p	153	+1	R4.26	2.25	3.9	14.8
§95	F.P.	10/4	102	97	RCO 10p	101	......	L3.91	2.1	5.3	12.4
§20	F.P.	—	40	27	‡Regina Health 2p	40	+3	0.28	4.1	1.0	34.8
§100	F.P.	7/4	152	120	‡Sanders & Sidney 5p	142	......	R4.26	2.0	4.2	16.5
210	F.P.	—	250	238	Scandinavian Bk. Units	250	+5	u8.0	2.5	4.5	10.5
—	F.P.	—	108	97	Scot. Inv. Tst. Warrants	107	......	—	—	—	—
§90	F.P.	3/4	101	97	Sinclair Goldsmith 10p	99	......	R2.2	2.7	3.2	16.3
§135	F.P.	—	177	148	‡Thornton (G.W.) 5p	172	......	L3.75	3.80	3.1	12.1
—	F.P.	—	243	220	‡UTC Group	243	+10	♦u14.0	—	8.1	—
§130	F.P.	27/2	183	148	Viking Packaging 10p	176	–2	q3.5	3.0	2.8	17.0
130	F.P.	—	141	137½	Wilson Bowden 10p	141	+3	L3.4	3.0	3.4	13.8
§144	F.P.	—	191	170	‡Wood (J.D.) & Co. 10p	183	......	R2.5	3.6	1.9	20.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or –
§	Nil	24/4	12pm	11pm	City Site Estates 7% Cnv. Uns. Ln. 2005/06	12pm	+1
§	F.P.	—	58p	13½p	Hillards 6% Cnv. Red. Prf. £1	55p	–3
§100	£50	15/5	55½	41½	Mid-Sussex Water 11% Red Deb 2012-16	55½	—
—	F.P.	—	100¼	100	Nationwide 10⅛% Bds. 15/2/88	100¼	—
—	F.P.	—	100	100	Do. 10½% Bds. 7/3/88	100	—
§98.819	£20	—	20	20	TR City of Lon. Tst. 10¼% Deb 2020	20	—
§97.877	F.P.	1/4	103½	100¼	TR Trustees Corp 10½% Deb 2016	103½	—

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or –
50	Nil	—	18pm	6pm	Alleshone 10p	18pm	+1
170	Nil	3/4	95pm	40pm	Burgess Products	83pm	......
32	Nil	—	9pm	8pm	Widney 4p	9pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. † Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. || Offered holders of ordinary shares as a "rights." †† Introduction. ** Issued by way of capitalisation. § Placing price. ¶¶ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▓ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

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INTL. COMPANIES and FINANCE

Alusuisse plans capital write-off

BY WILLIAM DULLFORCE IN GENEVA

ALUSUISSE, the troubled Swiss aluminium group, plans to use half its capital and legal reserve to meet losses of SFr 1.44bn ($9.25m) accumulated over the last two years. At the same time the three big Swiss banks have agreed to convert SFr 300m in credits into subordinated loans.

Trading in Alusuisse shares was suspended on the Zurich stock exchange yesterday after the company's announcement. The exchange said trading would resume on Monday.

As one of the world's six biggest producers of primary aluminium Alusuisse has been sapped by the collapse in aluminium prices. A furious diversification programme, started in the 1970s, aimed at reducing dependence on aluminium to half of total turnover by its centenary year 1988.

This plan helped treble group sales, but plunged Alusuisse into debt and incurred losses on some major ventures in the US.

Mr Hans Jucker, the chief executive who took over last year after a shake-up in the top management, said yesterday the halving of capital was the price that had to be paid for "cleaning up the debris."

The worst drain on the company's financial resources had been stopped. It would be relieved of the burden of past losses and could expect to break even in 1987 "assuming that the industrial environment does not worsen," Mr Jucker said.

The group abandoned its diversification plan last year with the appointment of a new chairman, Mr Nello Celio, a former Swiss minister of finance and defence, and of a four-man management board under Mr Jucker.

But it is taking time to turn the group onto its new strategy of concentrating on its know-how in the fabrication of aluminium products with greater value added.

Last year Alusuisse turned in a net loss of SFr 688m compared with a restated net loss of SFr 756m in 1985. The 1986 figure include net extraordinary items of SFr 592m.

Shareholders will be asked on April 22 to approve the release of the legal reserve of SFr 156.5m and to accept a 50 per cent reduction in the share and participation certificate capital from a nominal SFr 1.13bn to SFr 565m.

The capital write-down will enable the loss balance to be practically eliminated leaving SFr 3.1m to be carried forward, Alusuisse said yesterday.

CCF spring cleans balance sheet

BY GEORGE GRAHAM IN PARIS

CREDIT Commercial de France, the next major French bank to be privatised, is carrying out a FFr 2bn ($323m) spring-cleaning of its balance sheet before its flotation on the stock market, expected next month.

The capital restructuring will allow CCF to bring bad debt provisions up to the average for the French banking industry and put it into shape for a successful privatisation.

The reorganisation will make CCF itself, the main operating element of the group, into the group holding company by merging it with the Shell holding Compagnie Fianciere de CCF.

The net assets of the Compagnie Financiere will be written down to less than FFr 500m for the merger, leaving FFr 2bn of provisions.

CCF has, in common with most other French banks, strongly increased its provisions during the last five years. Between 1982 and 1986 total provisions were about four times as great as in the previous five year period.

Unlike most other French banks, however, CCF's provisions were aimed more at client risk, rather than country risk.

The group's aggressive expansion in the years before its nationalisation in 1982 had left it with a heavier doubtful loans exposure than many competitors.

Although CCF's country risk provisions conformed with Bank of France rules, the bank has been under discreet pressure from the French Banking Commission to raise them to the average for French banks. Its rate of cover in risk countries is more than 25 per cent.

Europeenne de Banque, a CCF subsidiary, said earlier this week that it was raising its country risk provisions by 60 per cent for 1986 to bring it into line with French norms.

While French banks have often been criticised in the past for being inadequately capitalised, their provisions for bad debts are in general much more heavy than in other countries.

The state-owned banks, including those nationalised in 1982, have generally taken the opportunity to build up their reserves in preference to passing on large dividends to their shareholders.

Swedish bid battle looms for property group

By Kevin Done, Nordic Correspondent in Stockholm

FOLKSAM, the third largest Swedish insurance group, yesterday announced a SKr 2.47bn ($382m) counter bid for the JM property and construction concern.

JM is under offer from Skanska, Scandinavia's biggest construction group and one of Sweden's leading property owners, which has already secured 49.7 per cent of the voters and 32.4 per cent of the equity.

A bidding battle is a rare event on the Swedish financial scene, and Skanska has clearly been caught by surprise by the Folksam bid.

The mutually-owned insurance group founded by the co-operative movement is bidding SKr 580 per share compared with the bid of only SKr 510 per share confirmed by Skanska last week.

Folksam, which owns 2.4 per cent of the JM equity, said yesterday that the Skanska bid was "unsatisfactory."

"The price is too low, we will not sell at that price," said Mr Anders Unnestad, Folksam finance director. Instead the insurance group has opted to seek to expand its own growing property portfolio.

The Folksam offer is contingent on the insurance group gaining at least 90 per cent of the JM equity, and the first response from Skanska yesterday saw that the construction group had no intention of releasing the 49.7 per cent stake it has already acquired directly from Industrivärden, the Swedish investment company, which has previously dominated JM.

JM is Sweden's seventh largest construction company, but is more important as a real estate owner with as much as 75 per cent of its property located in the greater Stockholm region.

Property prices have surged in recent months, which has been reflected in a sharp rise in property and construction company share prices.

The battle for JM is the second major property takeover to be announced in recent weeks and follows the SKr 2.7bn bid by Skandia, Sweden's leading insurance group, for Stockholms Badhus, one of the larger Swedish real estate companies.

VW dismisses forex executives

BY ANDREW FISHER IN FRANKFURT

WEST GERMAN federal criminal authorities were yesterday brought into the investigations over the DM 480m ($258m) of currency losses at Volkswagen, which said it had sacked the head of its foreign exchange department and suspended six other employees.

VW gave no more information about the fraudulent dealings which caused the losses. Traders on the Frankfurt currency markets said speculation was rife as to how the fraud was perpetrated and who might have been involved.

The car group said Mr Burkhard Junger, aged 39, had been dismissed as head of the foreign exchange department. Six others, including Mr Günther Borchert, in charge of the financial transfer department, and Mr Siegfried Müller, head of central cash and currency clearing had been suspended.

The company did not say that the men had been involved in the currency deals, but that these had taken place within their immediate areas of responsibility. Mr Junger resigned in January over what VW called "differences of opinion" over the handling of its foreign exchange business, but the group has now formally sacked him.

In Braunschweig, the Lower Saxony state prosecutor's office said that the Federal Criminal Office in Wisbaden, near Frankfurt, would join the investigation and be responsible for any police searches.

Mr Karl Gustav Ratjen, chairman of VW's supervisory board, has said that computer tapes had been erased and programmes altered as part of the fraud which he said occurred in 1984.

The company said the figure of DM 480m was the top limit for the losses which had just come to light. Shareholders have been assured that their dividends will not suffer.

Hearst buys Houston Chronicle

BY OUR FINANCIAL STAFF

HEARST CORPORATION, the California-based publisher, is to buy the Houston Chronicle, the largest newspaper in the US south-west with a circulation of 425,534, for $400m in cash and notes.

The price ranks among the highest paid for a newspaper. Mr Richard Johnson, president and publisher of the Chronicle, said the negotiations with Hearst had spanned "a few months."

The Houston Endowment is selling the paper to comply with federal tax laws requiring charitable institutions to divest themselves of profit-making subsidiaries by 1989.

The Chronicle has seen tough competition from its cross-town rival, the Houston Post, which has a daily circulation of 316,209. The Post was bought by Canada's Toronto Sun Publishing in 1983.

The acquisition gives Hearst its biggest newspaper holding in Texas, where the publisher already owns papers in San Antonio, Beaumont and Laredo.

The chain also owns, among others, the flagship San Francisco Examiner, the Los Angeles Herald Examiner and the Seattle Post-Intelligencer.

Caesars World, the US gaming group, has recommended shareholders to reject the $890m cash bid by Mr Martin Sosnoff, the New York investor who has been stalking the company for some months.

Caesars' board said the offer was inadequate and not in the best interests of the company and its shareholders. It also decided to explore and investigate, with the advice and assistance of its financial advisor, a variety of alternative transactions.

Brambles in cash deal for French concern

By Our Sydney Correspondent

BRAMBLES INDUSTRIES, the Australian transport and waste disposal group, has moved to build on its considerable overseas asset base with a A$100m (US$69m) cash bid for Stemi, a listed French tank and railway wagon company.

Brambles already owns a 58 per cent stake of the company.

The vehicle for Brambles' bid, which requires French government approval, is a subsidiary of Groupe Caib, the company's French-based subsidiary.

The acquisition will further increase the contribution to Brambles' earnings from overseas sources which now stand at well over 50 per cent. Stemi earned A$8.7m after tax in 1986.

The company manages the world's largest fleet of specialised tank containers,

Sandoz holds profit but pays extra

By Our Geneva Correspondent

SANDOZ, the Swiss chemicals and pharmaceuticals group at the centre of last November's Rhine pollution disaster, has produced net earnings of SFr 541m ($347m) for 1986 "after appropriate provisions." The board has proposed raising the dividend from SFr 100 to SFr 105 a share.

The net profit shown is 2 per cent higher than that in 1985, which saw a 29 per cent surge in earnings. Mr Alexandre Jetzer, Sandoz's financial director, said "substantial" provisions had been made to meet claims for compensation.

Full details of the provisions will be announced next month.

Sales slipped by 1 per cent to SFr 8.36bn last year, but in local currency terms turnover increased by 21 per cent.

NYSE climbs down on members' London links

BY JAMES BUCHAN IN NEW YORK

THE New York Stock Exchange has decided that its members may do business in London despite the imminent disappearance of a floor at the London Stock Exchange and its replacement by an all-electronic quotations system.

The NYSE admitted yesterday that London probably was the sort of exchange New York could recognise, putting an end to a week of confusion. "If the British Parliament says it's an exchange, that's good enough for the Big Board," Mr Richard Torrenzano, spokesman for the NYSE, said.

Last week, Mr Robert Birnbaum, president of the NYSE, suggested that the move in London to all-electronic trading next year might convert the London Stock Exchange from an exchange in the eyes of the NYSE to an "over-the-counter" market.

In that case, NYSE members would not have been able to make markets in the 200-odd US stocks listed on both exchanges while the Big Board is open.

The London Stock Exchange, which has just passed through the trauma of simultaneous deregulation and automated quotation known as Big Bang, accused the NHSE of being old-fashioned or worse.

NYSE officials now say that the whole thing has been blown up out of proportion. It is true that Rule 390, Section 10 does say that NYSE members may not trade in Big Board stocks over the counter during Big Board hours, but that does not apply to regular foreign exchanges. London, it seems, is one of these—floor or no floor.

Adsteam ahead on department store growth

BY BRUCE JACQUES IN SYDNEY

MR JOHN SPALVINS chief executive of Adelaide Steamship Company (Adsteam), has foreshadowed an ambitious investment push into the UK by his aggressive and diversified investment group following strong earnings growth in the half year ended in December.

Mr Spalvins had just announced a rapid increase in the company's capital base through two separate share issues—a one-for-five rights issue at A$11.50 a share raising A$225m, followed by a one-for-four bonus issue on the increased capital.

Interim profit was up from A$55.7m to A$75m (US$51.3m) on lower sales of A$157m compared with A$178m previously. interim dividend was up from 16c to 18c a share.

As usual, the result rested on Adsteam equity accounting its share of group company profits. Without that profit would have fallen from A$64.2m to A$59.5m. The result also excluded an A$20.4m extraordinary loss, compared with a A$13.8m profit.

A large part of the increase came from David Jones, the group's department store satellite, which shrugged off a poor Australian retailing climate to announce a profit increase from A$29.5m to A$41.2m in the period. Turnover was up from A$506m to A$540.3m and interim dividend is up from 16c to 18c a share.

David Jones mirrors its parent with a one-for-five rights issue at A$13 a share followed by a one-for-four bonus on the increased capital. Part of Adsteam's raising will be used to fund its share of the David Jones issue.

Mr Spalvins said investment opportunities in Australian share markets were limited because prices were at such high levels. Attention would be turned to the UK were Adsteam has been among the least active Australian investment groups.

Mr Spalvins expressed concern at Australia's economic fundamentals, particularly high interest rates and said the company had hedged part of its share portfolio in futures markets. All foreign currency borrowings had also been hedged and realised losses from this process accounted for the group's extraordinary losses in the half.

The company also expected transactions relating to its BHP shares, where it had an options agreement with Mr Robert Holmes à Court's Bell Group, to be completed by June 30, producing a large cash flow.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge. on week	Year ago	1986/87 High	1986/87 Low
METALS					
Aluminium...					
Free Market c.i.f.	$1375/395	−110	$1240/1260	$1495 1515	$1150·1170
Antimony					
Free Market 99.6%	$2300/340	−30	$2650·2700	$2720·2780	$2250.2500
Copper Cash Grade A	£927	−27.5	£981.5	£1028.5	£862.25
3 months Grade A	£907.5	+9.75	£1003.75	£1059.25	£891.25
Gold per oz	$404.75	−2.25	$342.75	$439.375	$337.5
Lead Cash	£309	+1.5	£250.5	£376.5	£253.5
3 months	£299.75	+2.5	£260.25	£337.5	£241.25
Nickel					
Free market	174/194c	+1	187/207c	198/218c	158/177c
Palladium	$124.50	−1.00	$107.00	$151.00	$95.25
Platinum per oz	$534.75	+6.25	$404.25	$673.75	$542.50
Quicksilver (76 lbs)	$205/215	−5	$220 235	$250 250	$115/12
Silver per oz	358.70p	+9.75	386.90p	452.10p	317.70p
3 months per oz.	367.45p	+9.65	397.65p	466.20p	325.60
Tin					
Free market	£4,280/320	−55	†	£5500/5250	£3,420/460
Tungsten Ind	$47.08	—	$66.32	$69.74	$41.44
Wolfram (22.04 lb)	$46/50	+2	$56/63	$56/63	$32/42
Zinc cash	£465.5	+5	£427.5	£632.5	£409
3 months	£461.5	+10.25	£442.5	£621.75	£419.25
Producers	$770/790	—	$650/670	$920	$650/670
GRAINS					
Barley Futures May	£115.55	−1.50	£116.15	£118.80	£96.60
Maize French	£142.50	−3	£143.50	£154.00	£130.00
WHEAT Futures May	£118.00	−0.5	£118.45	£121.45	£98.30
SPICES					
Cloves	$5,450	−100	$4725	$4,850	$3,600
Pepper white	$5,350	−150	$6500	$6,400	$4,600
black	$4,500	−75	$4250	$4,800	$3,600
OILS					
Coconut (Philippines)	$340z	−10	$275	$470	$200
Palm Malayan	$315y	+5	$250	$405	$197
SEEDS					
Copra (Philippines)	$240v	—	$180	$300	$140
Soyabeans (U.S.)	$137.5	+0.5	$226	$229.5	$136.5
OTHER COMMODITIES					
Cocoa Futures May	£1295.5	−7	£1500.5	£1,804.5	£1,264.5
Coffee Futures May	£1287.5	−4.5	£2555.5	£3,007.5	£1,267.5
Cotton Outlook A Index	53.10c	−0.35	53.40c	67.20c	36.35c
Gas Oil Fut. May	$146.75	+0.5	$143.75	$232.75	$90.75
Jute LJA BW3 grade	$325	—	$290	$325	$215
Rubber kilo	61.25p	+1.25	61.5p	68p	54p
Sisal No. 3L	$610	—	$595	$625	$590
Sugar (Raw)	$199z	−2.5	$163	$222.5	$115
Tea (quality) kilo	175p	−5	192p	202p	170p
(low med) kilo	85p	−5	114p	136p	80p
Wooltops 64s Super	435p kilo	+4	416p Kilo	435p kilo	387p kilo

† Unquoted. (g) Madagascar. (y) May. (v) April. (x) April-May. (z) March-April.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	862-4	+9.5	862
3 months	822-3	+6.75	827/816

Official closing (am): Cash 862-3 (838-9), three months 819-20 (803-4), settlement 863 (839). Final Kerb close: 823-4. Turnover: 18,725 tonnes.

COPPER

	Unoffic'l close £ per tonne	+ or −	High/Low
Grade A			
Cash	926-8	+13	929/928
3 months	907-8	+7	912.5/906.5

Official closing (am): Cash 928.5-9 (919-20), three months 908-9 (906-7), settlement 929 (920). Final Kerb close: 910-11.

Standard			
Cash	864-5	+7	870/868
3 months	881-3	+7	

Official closing (am): Cash 868-9 (853-5), three months 885-7 (880-2), settlement 869 (855). US Producer prices 68.5-70 cents a pound. Total Turnover: 43,750 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	308-10	+5.5	311.5/311
3 months	299.5-300	+3.25	301.5/298

Official closing (am): Cash 311-11.5 (304-5), three months 301-1.5 (295.5-6), settlement 311.5 (305). Final Kerb close: 298-9.5. Turnover: 6,725 tonnes. US Spot: 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2430-40	+55	2440/2435
3 months	2433-5	+33.5	2425/2400

Official closing (am): Cash 2,435-40 (2,387-90), three months 2,415-20 (2,397-8), settlement 2,440 (2,390). Final Kerb close: 2,420-5. Turnover: 1,326 tonnes.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
High grade			
Cash	465-6	+7	
3 months	461-2	+7	466/458

Official closing (am): Cash 464-5 (458-8.5), three months 460-1 (453-3.5), settlement 465 (458.5). Final Kerb close: 460-1. Turnover: 5,750 tonnes. US Prime Western: 37.5-44 cents a pound.

TIN

Kuala Lumpur Tin Market 16.77 (16.81) ringgit per kg. Down 0.04. ringgit per kg.

GOLD

Gold fell $5¾ an ounce from Thursday's close in the London bullion market yesterday to finish at $404½-405. The metal opened at the day's high of $409¾-410 but failed to break through this level and fell early buying in this level during the afternoon. The weaker trend was accelerated after the start of trading in New York as traders unwound long positions. In London it touched a low of $404-404½ but continued to fall in New York to $402.

GOLD BULLION (fine ounce)	Mar. 13	
Close	$404½-405	(£256½-257)
Opening	$409¾-410	(£259-259½)
M'n'g fix	$409.35	(£259.265)
Aft'n'n fix	$408.50	(£258.790)

GOLD AND PLATINUM COINS

Am Eagle	$417-422	(£264½-268)
Maple leaf	$418-419	(£264½-266)
Kr'g'rnd	$407-410	(£258½-260¼)
½ Krug	$212½-216½	(£134½-136½)
¼ Krug	$108-109	(£68½-69¼)
Angel	$412½-416½	(£262-264)
1/10 Angel	$40¾-43	(£25¾-29)
New Sov.	$97½-98½	(£62-62½)
Old Sov.	$97½-98½	(£62-62½)
$20 Eagle	$500-550	(£317½-349½)
Noble Plat	$550-558	(£349½-354½)

SILVER

Silver was fixed 8.15p an ounce higher for spot delivery in the London bullion market yesterday at 358.7p. US cent equivalents of the fixing levels were: Spot 566c, up 9.5c; three-month 574.95c, up 9.55c; six-month 583.95c, up 9.7c; and 12-month 601.65c, up 9.8c. The metal opened at 356-358p (563-565c) and closed at 355-357p (560-562c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	358.70p	+8.15	354p	+2
3 months	367.45p	+8.05	362.5p	+1.5
6 months	376.20p	+8.1		
12 months	393.20p	+8.75		

LME—Turnover: Nil (12) lots of 10,000 ounces.

Three months final kerb 361.5-3.5p.

INDICES

REUTERS

Mar. 12	Mar. 11	M'th ago	Year ago
1537.6	1536.3	1612.2	1825.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Mar. 12	Mar. 11	M'th ago	Year ago
Spot	113.70	113.77	—	130.93
Fut	113.62	113.07	—	124.67

(Base: December 31 1931=100)

SOYABEAN MEAL

	Yest'rdy's close	+ or −	Business done
	£ per tonne		
April	121.0-123.0	+0.50	
June	112.5-115.6	+0.85	113.0
August	111.5-111.9	+1.40	110.5
October	111.0-112.8	+1.50	
Dec	111.0-112.5	+0.85	
Feb	115.0-117.0	+0.75	
April	116.0-118.0	+0.75	

Sales: 75 (113) lots of 20 tonnes.

COFFEE

Robustas eased with overhead trade selling, reports Drexel Burnham Lambert. News that Colombia had opened April and May registrations had a bearish effect on the London market with anticipation of a weaker New York market. However, the market did recover from the lows with a better opening than expected in New York and weekend short-covering.

COFFEE	Yesterday's close £ per tonne	+ or −	Business Done
Mar	1260-1270	−35.5	1285-1240
May	1285-1290	−31.5	1310-1265
July	1298-1300	−47.0	1322-1280
Sept	1325-1326	−42.5	1342-1300
Nov	1340-1342	−38.5	1357-1333
Jan	1360-1370	−36.5	1385-1355
Mar	1390-1400	−25.0	1405-1390

Sales: 5,842 (4,288) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for March 12: Comp. daily 1979 101.85 (102.24); 15-day average 108.08 (106.81).

COCOA

With the next round of ICCO talks commencing next week futures traded nervously in a £15 range and closed £10 off on the day. No producer interest was seen but some light consumer business was noted, reports Gill and Duffus.

	Yesterday's close	+ or −	Business done
	£ per tonne		
March	1268-1269	−6.0	1275-1265
May	1295-1296	−10.5	1304-1290
July	1320-1321	−10.5	1325-1318
Sept	1343-1346	−10.0	1350-1345
Dec	1375-1376	−5.0	1383-1369
March	1396-1398	−7.5	1405-1392
May	1415-1417	−8.5	1425-1412

Sales: 5,311 (2,753) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for March 12: 1,568.23 (1,595.84); 10-day average for March 16: 1,585.40 (1,585.73).

POTATOES

The market opened nervously and traded in very thin volume for most of the morning with sellers still in evidence at £170.00 basis April, and buying support on the May position. A small rally was seen on the close on rumours of a good Dutch export figure. Volume was 41,000 tonnes), reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	170.00	168.80	171.00-168.00
May	191.60	190.10	191.60-190.00
Nov	92.00	91.40	92.00-91.50
Feb	101.00	99.00	
Apr	123.50	122.60	123.50

Sales: 524 (856) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $199.00 (£126.00), up 50c (up £1.50) a tonne for March-April delivery. White sugar $213.00, up $1.00.

No. 6 Con-tract	Y'st'rd'ys close	Previous close	Business done
	$ per tonne		
May	181.8-181.8	181.8-181.6	183.8-179.2
Aug	185.4-185.6	185.2-185.4	186.8-184.0
Oct	185.4-185.8	186.0-186.2	188.8-185.6
Dec	190.0-193.0	191.0-192.0	
Mar	193.6-196.0	194.6-196.0	195.0-194.0
May	196.0-197.4	196.8-197.8	

Sales: 1,256 (1,816) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £231.50 (£230.00) a tonne for export.

PARIS—(FFr per tonne): May 1315-1320, Aug 1335-1340, Oct 1351-1370, Dec 1385-1400, March 1415-1429, May 1445-1465.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for March 12: Daily price 7.85 (7.88); 15-day average 7.76 (7.71).

US MARKETS

GOLD FUTURES remained on the defensive for most of the day, reports Drexel Burnham Lambert. Failure on Thursday to make any headway on the upside prompted continuous trade selling yesterday which led to long-liquidation, touching off light stops to take the market to the lows before short-covering and profit-taking pared losses. Trade and commission house selling also kept platinum under pressure. In silver trade and local selling touched off commission house stops to depress prices. Copper futures opened slightly steadier, but soon fell as follow-through buying was insufficient to absorb trade selling and commission house and local long-liquidation. Energy futures traded indifferently, with little indication of major involvement by the trade. Following early steadiness in crude oil locals went short to reverse the market's direction. This action reflected the lack of major movement in cash oil prices.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
March	59.50	59.30	—	—
May	59.00	58.80	59.00	58.70
July	58.00	57.80	57.90	57.90
Sept	57.00	56.80	—	—
March	56.60	56.40	—	—
May	56.60	56.40	—	—
July	56.60	56.40	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
March	1853	1879	1850	1850
May	1884	1910	1890	1873
July	1906	1931	1912	1900
Sept	1932	1958	1938	1927
Dec	1964	1988	1961	1955
March	1993	2018	1990	1978
May	2013	2038	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
March	102.50	105.93	103.00	101.30
May	104.25	108.54	106.40	102.55
July	105.98	108.78	108.30	104.50
Sept	107.92	110.40	108.25	107.00
Dec	111.00	113.65	112.25	110.20
March	113.00	115.00	114.00	112.00
May	113.63	115.00	115.00	114.00
July	114.25	116.13	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
March	63.50	64.00	63.85	63.55
April	63.60	63.95	—	—
May	63.30	63.55	63.70	63.20
July	63.55	63.85	63.90	63.55
Sept	63.80	64.20	64.25	64.00
Dec	64.50	64.80	—	—
Jan	64.60	64.90	—	—
March	65.05	65.35	—	—
May	65.40	65.65	—	—
July	65.65	66.00	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
May	57.06	56.70	57.35	56.40
July	56.63	56.45	56.90	54.90
Oct	55.08	53.75	55.15	53.15
Dec	53.65	53.10	53.75	52.90
March	53.20	53.10	53.75	52.90
May	54.25	54.05	—	—
July	54.25	54.45	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
April	18.49	18.39	18.47	18.33
May	18.21	18.21	18.27	18.13
June	17.99	17.99	18.06	17.90
July	17.83	17.85	17.88	17.75
August	17.63	17.59	17.65	17.53
Sept	17.54	17.46	17.54	17.42
Oct	17.42	17.36	17.38	17.35
Nov	17.43	17.30	17.43	17.35
Dec	17.43	17.30	17.43	17.35
Jan	17.43	17.30	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
March	403.9	408.7	—	—
April	405.0	409.9	410.7	403.0
May	407.1	412.0	—	—
June	409.3	414.3	415.0	407.0
August	413.5	418.6	419.5	411.0
Oct	417.5	422.7	418.9	417.0
Dec	421.5	426.9	427.8	420.0
Feb	425.7	431.1	426.0	428.0
April	430.0	435.4	—	—

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	132.20	130.85	132.40	131.80
May	133.35	132.70	133.90	132.80
July	134.10	133.30	134.60	133.30
Sept	134.00	133.10	134.50	133.50
Dec	448.2	452.7	449.0	449.0

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
April	50.35	50.40	50.65	50.10
May	48.80	49.23	49.30	48.65
June	48.00	48.21	48.40	47.80
July	47.85	47.98	48.10	47.60
August	47.95	48.28	48.30	47.95
Sept	48.70	48.97	49.20	48.70

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
April	516.0	534.6	540.5	515.0
July	521.0	539.9	545.5	519.0
Ocr	524.0	544.1	538.0	523.5
April	539.5	553.0	554.0	539.5

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
March	558.3	563.8	565.0	555.0
May	563.4	569.0	571.5	558.5
July	569.5	575.3	577.5	565.0
Sept	575.6	581.6	582.2	572.0
Dec	584.7	590.9	593.0	581.0
Jan	587.9	594.2	—	—
March	593.9	600.3	605.0	592.5
May	600.3	606.7	—	—
July	607.0	613.4	610.0	610.0
Sept	613.7	620.1	—	—

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
May	8.14	8.11	8.28	7.99
July	8.23	8.22	8.32	8.08
Sept	8.16	8.25	8.22	8.22
Oct	8.30	8.32	8.42	8.19
Jan	8.23	8.25	8.30	8.30
March	8.60	8.64	8.70	8.50
May	8.73	8.78	—	—
July	8.83	8.87	8.83	8.83

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
April	64.27	64.45	64.75	64.15
June	60.65	60.90	61.25	60.60
August	57.60	58.02	58.17	57.45
Oct	57.15	57.62	57.67	57.10
Dec	57.20	57.65	57.70	57.05
Feb	56.72	57.10	57.25	56.72
April	58.35	58.05	58.40	58.20

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
April	45.92	44.97	45.97	45.05
June	47.30	46.87	47.37	46.92
July	46.32	45.05	46.56	46.10
August	43.62	43.62	44.00	43.50
Oct	38.87	38.77	38.97	38.75
Dec	38.95	38.47	39.40	38.77
Feb	37.17	36.75	37.20	36.77
April	35.45	35.40	35.47	35.40

MAIZE 5,000 bu min, cents/56-lb-bushel

	Close	Prev	High	Low
March	159.2	156.6	160.0	159.6
May	159.0	157.2	160.4	158.4
July	161.2	159.6	161.4	161.0
Sept	164.4	165.0	166.6	164.4
Dec	172.2	173.2	174.8	172.0
March	179.6	180.6	182.0	179.4
May	181.0	182.0	184.0	181.0

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
March	65.97	65.50	66.00	65.65
May	65.82	65.45	65.95	65.55
July	63.92	63.67	64.07	63.60
August	61.35	61.20	61.55	61.10
Feb	56.20	55.95	56.30	56.12
March	54.56	54.56	55.00	54.55

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
March	491.0	488.0	491.4	488.4
May	493.0	490.6	494.2	492.0
July	492.2	489.6	493.4	491.0
August	488.4	487.0	490.0	488.0
Sept	481.2	479.0	482.0	481.0
Nov	480.0	479.4	483.4	479.0
Jan	486.0	485.6	489.0	485.4
March	495.6	495.0	497.6	491.0
May	497.0	497.0	499.0	495.4

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	141.5	140.9	142.2	140.6
May	140.3	139.5	140.5	139.7
July	138.7	137.2	138.8	137.8
August	138.0	136.8	138.5	137.6
Sept	137.6	136.5	138.5	137.5
Oct	137.5	136.5	137.7	136.5
Dec	137.8	137.0	138.0	137.8
Jan	138.0	137.3	139.3	138.5
March	139.5	138.5	139.5	139.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
March	15.76	15.86	15.90	15.74
May	16.01	16.13	16.17	15.97
July	16.33	16.44	16.48	16.33
August	16.45	16.54	16.57	16.46
Sept	16.57	16.65	16.65	16.56
Oct	16.65	16.75	16.67	16.65
Dec	16.83	16.88	16.90	16.81
Jan	16.80	16.92	16.96	16.90

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
March	292.0	293.6	295.2	291.2
May	282.2	283.6	285.2	282.0
July	251.4	252.6	255.4	251.2
Sept	254.4	255.4	254.4	251.2
Dec	257.4	258.6	271.0	267.2

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 555.0 (559.0) cents per troy ounce.

FREIGHT FUTURES

Initial steadiness on the futures was followed by liquidation of profitable positions prior to the weekend. Despite fairly buoyant physical market futures were deemed overdone and consequently were sold into the close near the low of the day, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	942/944	950/938	958/940
July	802/804	806/799	798/800
Oct.	880	885/879	878/880
Jan.	880/900	880	878/895
Apr.	880/900	875	880/910
July	775/780		760/770
Oct.	880/890		850/870
Jan.	900/915		910
BFI.	889.5		883.5

Turnover: 396 (566).

RUBBER

PHYSICALS—The London market opened slightly steadier, found some covering interest throughout the day and closed quietly steady, reports Lewis and Peat. Closing prices (buyers): Spot 61.25 (60.75p); April 62.25p (61.75p); May 62.00p (61.50p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 226.5 (225.5) and SMR 20 193.0 (192.5).

FUTURES—Index 595. April 655-665, April/June 661-671, July/Sept 664-674. Sales: Nil.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.42p per kg lw (+0.72). GB—Sheep 194.31p per kg est dcw (+9.82). GB—Pigs 81.35p per kg lw (+2.89).

FUTURES—Live cattle: April 98.00. Aug 98.90, Oct 96.50, sales 11. Pigs: June 97.30, Aug 95.30, Nov 101.00, sales 17.

GRAINS

The market remained quiet despite the long awaited December planting census, reports T. G. Roddick. Old crop wheat found support from profit-takers at £119.00 and barley was steady on more fundamental buying interest after a week of aggressive selling. New crops traded on an easier note with country hedge selling easing prices in a limited trade.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
	£ per tonne		£ per tonne	
Mar	117.40	−0.35	113.15	+0.05
May	118.00	−0.10	113.55	+0.05
July	120.35	−0.15		
Sep	99.35	−0.05	99.15	−0.15
Nov	102.10	−0.05	101.15	−0.15
Jan	104.30	−0.05	103.60	−0.15
Mar	106.55	−0.15	105.75	−0.10

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent April 95.50, June 93.75. US no 2 soft red winter July 86.25. English feed fob March 117.50 buyer, April 119.00/120.00, April/June 120.00/115.00 buyer/sellers, May 120.00, Sept 101.25, Oct/Dec 14.75 buyers, January/March 19.25/110.00 buyer/seller. Maize: US no 3 yellow/French transhipment east coast second-half March 142.50. Barley: English feed fob March 113.50 buyer Peterhead, 114.00/114.50 buyer/sellers Boston, April/June 117.00 seller Scottish, 19.00 seller English. August 99.50/100.00 buyer/sellers, Sept 101.00 sellers.

HGCA—Locational ex-farm spot prices. Feed Barley E. Midlands 114.40, N East 114.20, Scotland 115.00. The UK monetary coefficient for the week beginning Monday March 23 (based on HGCA calculations, using three days' exchange rates) is expected to change to 1.241.

Business done—Wheat: March 117.55, May 118.15-7.50, July 120.25-20.00, Sept untraded, Nov 101.75-1.50, Jan 104.40, March 106.50. Sales: 166 lots of 100 tonnes. Barley: March 112.00, May 113.90-3.35, Sept untraded, Nov 101.40-1.15, Jan 103.55, March untraded. Sales: 76 lots of 100 tonnes.

OIL

End-of-March Brent sold at $17.95 and May Dubai at $17.00. Trading volume generally was thin with emphasis on exchanges of Brent between months April WTI opened 4c down on Nymex and traded 2c down at 1.30 pm EST. In the petroleum products market gasoline trading was quiet with sellers relaxed and in the expectation of higher prices. Gas oil was stable to slightly weaker with buying interest seen for prompt material. Naphtha and fuel oil trade was quiet and nervous—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	—
Arab Heavy	—	—
Brent Blend	16.80-16.90	+0.025
W.T.I. (1pm est)	17.85-17.90	+0.10
Forcados (Nigeria)	18.36-18.40	+0.15
Urals (cif NWE)	—	—

PRODUCTS—North West Europe
Prompt delivery cif ($ per tonne)

Premium gasoline	191-194	−2.5
Gas Oil	146-148	−1
Heavy fuel Oil	95-96	
Naphtha	167-169	+1

Petroleum Argus estimates.

HEAVY FUEL OIL

Month	Yesterday's close	+ or −	Business Done
	US $ per tonne		
Apr	92.50	+2.00	92.50-92.00
May	90.00	+0.75	90.00-90.00

Turnover: 24 (16) lots of 100 tonnes.

GAS OIL FUTURES

Month	Yestrdy's close	+ or −	Business Done
	US $ per tonne		
Apr	147.75	−0.75	150.50-47.25
May	146.75	+0.75	149.00-46.75
June	144.25	+0.50	146.25-45.25
July	142.25	+1.25	142.25-42.00

Turnover: 2,607 (4,236) lots of 100 tonnes.

WORLD STOCK MARKETS

NEW YORK

NEW YORK INDICES

NEW YORK ACTIVE STOCKS

WALL STREET

Banks hit by profit-taking

PROFIT-TAKING and some mild arbitrage-related sell programmes sent Wall Street slightly lower in active trading yesterday. Heightened nervousness over the Latin American debt was the catalyst for selling in the Bank group, which posted a broad decline.

By 1 pm the Dow Jones Industrial Average was off a mere 0.15 to 2,267.19, making a loss of 13.04 on the week, while the NYSE All Common index, at $165.91, shed 5 cents on the day but held a 46 cents on the week. Declines led advances by a six-to-five margin in a volume of 119.85m shares.

Banks were the big story. "The Citicorp news got everyone a little nervous and triggered a little profit-taking," one trader said. Citicorp said that if it has to move payments on its $3.9bn of intermediate and long-term Brazilian loans to a cash basis rather than an accrual one, it could cut first quarter income by about $50m and full year earnings by about $190m.

Citicorp were down $⅞ at $51⅛. Bankers Trust fell $½ to $47⅜. J. P. Morgan $⅞ to $45⅜ and Manufacturers Hanover $⅛ to $44⅛.

A slight 0.1 per cent rise in February producer prices had little effect on the market. Oils posted mild gains on expectations that OPEC will try to maintain an $18-a-barrel oil price.

Eastman Kodak gained $1⅞ to $75⅞ in active trading on favourable comment.

Hewlett-Packard rose $1⅞ to $57⅞, also on recommendation.

THE AMERICAN SE Market Value index put on 0.65 to 332.64, making a rise of 3.07 on the week. Trading volume 12.44m shares.

Closing prices for North America were not available for this edition

CANADA

Stocks gave up some early gains but continued to trade higher in busy midday activity as most major stock groups, except Golds, strengthened.

The Toronto Composite index was up 22.4 at 3,692.5 and Oil and Gas 58.8 at 3,826.8, but Golds lost 37.6 to 7,438.4.

Top active Nova Alberta "A" held unchanged at $8⅞—it reported a sharp drop in 1986 earnings and set an unspecified provision against the sale of part of its stake in Husky Oil, also unchanged at $11⅛.

Dome Petroleum shed 3 cents to $1.13—it said a majority of creditors support a proposed debt restructuring that includes converting some debt to common shares, or oil-linked debentures.

MacMillan Bloedel further advanced $2¾ to $83 on higher 1987 earnings prospects and optimism about a dividend increase.

TOKYO

The Stock Market index edged forward to notch up its fourth straight record closing high as abundant investment funds and some fresh incentives kept sentiment bullish, brokers said.

The Nikke Dow index was up 27.75 to a record closing high of 21,497.95, after climbing to 21,526.94. Thursdays the average firmed. 157.24.

Advances led declines by a nine-to-eight majority in a turnover of 1.3bn (1.6bn) shares.

Pharmaceuticals, Glass, non-Ferrous Metals, Banks, Rolling stock, Airlines, Rails, Warehouses, Mining and Insurances firmed.

Non-Ferrous Metal and Mining shares rose after the Trade Ministry announced it would co-ordinate research into possible uses of superconducting materials. Superconductors are mainly made from metals and metal alloys, the Trade Ministry said.

Some dealers said reports that Japanese companies will launch a television-phone system here this summer boosted Glass shares because the telephone system will use glass fibre as a conducting medium. "These stories are pretty far-fetched," one broker said.

Securities company, Communications, Foods, Autos, Rubbers and Precisions fell.

HONG KONG

Speculation over an imminent rise in local interest rates sparked a late round of selling that sent share prices to a sharply lower close.

The Hang Seng index ended 28.97 down at 2,721.17 but turnover was relatively *light* at HK$700.46m (HK$953m).

Brokers said the Association of Banks may raise interest rates at its weekend meeting to buoy the Hong Kong dollar, trading on the weak side of its link of 7.80 to one US dollar. But other brokers noted interbank rates are only marginally firmer and well below the prime rate.

SINGAPORE

Share prices continued to fall over a broad front on profit-taking in fairly moderate trading.

The Straits Times Industrial index lost a further 24.89 to 1,041.15 and total turnover fell to 33.5m (35.8m) shares.

Brokers said the fall was expected as the market had been in an overbought situation after the recent strong upsurge. Trading was less active as there were no fresh factors to stimulate activity and the market had largely discounted the spate of better corporate results.

The Keppel group's better performance in 1986 had little impact on the market. Keppel lost 24 cents to S$8.00 and subsidiary Straits Steamship she 7 cents to S$1.98. But Far East Levingston, which also announced a bonus issue, firmed 55 cents to S$5.90.

AUSTRALIA

Share markets broke out of a four day sell-off as investor confidence returned, prompting bargain hunting across a broad range of stocks. Solid support emerged for Mines, Golds and selected Blue Chip Industrials.

The All Ordinaries index was up 10.6 at 1,636.3, the All Industrials 8.6 at 2,581.1 and the All Resources 12.1 at 917.8, with a 44.3 rise in the Gold index to 2,213.9. Metals and Minerals moved up 15.8 to 800.5 but Oil and Gas shed 3.1 to 694.8.

Rises outnumbered falls 336-to-323, with 499 issues unchanged. National turnover 244m (176m) shares valued at A$262m (A$283m).

"Heavyweight" Mines were also in demand following stronger base metal prices in London overnight.

Much of the new buying was said to come *from investors* in Japan and the US.

North Broken Hill rose 15 *cents* to $A2.50—it will offer its shareholders one share in a planned gold spin-off named Norgold for every five North Broken Hill shares at 22 cents a share.

Broken Hill Proprietary firmed 10 cents to A$10.90—it is also spinning off its gold operations to shareholders and has been one of the strongest stocks all week.

GERMANY

Mostly lower but moderately active, with domestic investors selling stock while foreigners shunned markets.

Banks lost heavily across the board in the wake of VW's *disclosure of possibly* forged currency transactions. "It's all psychological," one dealer said. He added that the scandal had undermined the image of the banks. VW recovered DM 4.3 to 329.8.

Sentiment is generally bearish following the VW revelations," one dealer said. Others said uncertainty about the direction of the dollar and pessimism about companies earnings' prospects also weighed on sentiment.

Linde added DM 10 at 620 following news it will increase the dividend by DM 1 to DM 12.

Mannesmann shed DM 1.5 to 162.5 despite considering buying a stake in car parts company Fichtel und Sachs.

Kaufhof gained DM 5 to 452, on news it was buying a 10 per cent stake in shipping and travel group Hapag-Lloyd.

SWITZERLAND

Domestic stocks lower across the board with selling concentrating on Banks.

Among Chemicals, Sandoz Registered benefited from an increase in dividends.

Alusuisse were suspended after it announced that it would cut its share capital by 50 per cent.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

هكذا من الأصل

CURRENCIES & MONEY

هكذا من الأصل

FOREIGN EXCHANGES

Pound eases on profit taking

STERLING LOST ground in currency markets yesterday as traders unwound long positions ahead of the weekend and next Tuesday's UK budget. The pound retained a firm undertone however with a Conservative lead in the opinon polls, relatively high interest rates and firm oil prices all contributing to the pound's recent strength. However traders were unwilling to run into the weekend carrying too much exposure and consequently there was a move to square books and wait for next week's budget.

The pound's exchange rate index finished at 71.6 which was unchanged from the opening but down from Thursday's close of 72.3. Against the dollar it fell to $1.5750 from $1.5880 and DM 2.9175 compared with 2.9550. Against the yen it slipped to Y240.25 from Y244.0. Elsewhere it eased to SFr 2.4475 from SFr 2.4750 and FFr 9.7150 from FFr 9.8300.

The dollar finished weaker overall. There was little incentive to hold long positons over the weekend. Traders could find no directin for the dollar, remaining hemmed in on both sides by fears of central bank intervention.

US industrial production rose by an expected 0.5 per cent while producer prices were higher by just 0.1 per cent which was less than expected. US business inventories rose by 0.9 per cent, higher than expectations of a 0.5 per cent rise so that all in all, despite a slightly better than expected set of economic figures, the dollar was left unimpressed. Against the D-Mark it fell to DM 1.8530 from DM 1.8605 and Y152.60 compared with Y153.60. Elsewhere it fell SFr 1.5535 from SFr 1.5595 and FFr 6.1675 against FFr 6.19. On Bank of England figures, the dollar's exchange rate index fell from 104.2 to 104.1.

D-MARK—Trading range against the dollar in 1986-87 is 2.4718 to 1.7870. February average 1.8234. Exchange rate index 146.7 against 139.7 six months ago.

Position squaring ahead of the weekend tended to leave the dollar and sterling both a little weaker in Frankfurt yesterday. The dollar was depressed by profit taking ahead of the weekend while US economic data released appeared to have little effect. The dollar closed at DM 1.8515 from DM 1.8590 on Thursday, having been fixed earlier in the day at DM 1.8550 from DM 1.8567 without Bundesbank intervention.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. February average 153.36. Exchange rate index 211.0 against 216.3 six months ago.

Trading remained quiet in Tokyo with the dollar lacking direction after its failure to break out of the recent trading range. There were suggestions that recent economic data did not herald a turnaround in the US economy and that downward pressure on the dollar could increase in the medium term. The US unit closed at Y153.50 compared with Y153.35 in New York and Y153.70 in Tokyo on Thursday.

£ IN NEW YORK

Mar 13	Latest	Previous Close
£ Spot	1.5875-1.5885	1.5865-1.5875
1 month	0.52-0.49 pm	0.51-0.50 pm
3 months	1.38-1.33 pm	1.37-1.34 pm
12 months	4.45-4.35 pm	4.47-4.37 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Mar. 13	Previous
8.30	am	71.6	72.7
9.00	am	71.6	72.7
10.00	am	71.9	72.6
11.00	am	71.7	72.5
Noon		71.8	72.2
1.00	pm	71.7	72.3
2.00	pm	71.6	72.4
3.00	pm	71.7	72.1
4.00	pm	71.6	72.3

CURRENCY RATES

Mar. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.798871	0.711225
U.S. Dollar	5.5	1.2601	1.11947
Canadian $	7.54	*	1.48016
Austrian Sch.	4	16.4173	14.5889
Belgian Franc	8	48.4115	42.9792
Danish Krone	7	8.79900	7.80941
Deutsche Mark	3.0	N/A	2.07572
Neth. Guilder	4½	2.64046	2.34450
French Franc	9½	7.78150	6.90711
Italian Lira	12	N/A	1475.01
Japanese Yen	2½	193.331	171.335
Norway Krone	8	8.77884	7.80661
Spanish Peseta	—	163.893	145.531
Swedish Krona	7½	8.14566	7.24296
Swiss Franc	3.5	1.95876	1.74021
Greek Drach.	20½	N/A	151.923
Irish Punt	—	0.874738	0.777132

*CS/SDR rate for Mar. 12; 1.66525

CURRENCY MOVEMENTS

March 13	Bank of England Index	Morgan Guaranty Changes %
Sterling	71.6	−22.2
U.S. Dollar	104.1	−3.4
Canadian Dollar	79.2	−9.5
Austrian Schilling	137.8	+10.3
Belgian Franc	100.0	−4.3
Danish Krone	92.9	+3.7
Deutsche Mark	146.7	+21.5
Swiss Franc	170.7	+21.2
Guilder	134.2	+14.2
French Franc	71.6	−12.8
Lira	48.1	−16.7
Yen	211.0	+57.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Mar. 13	£	$
Argentina	2.4195-2.4310	1.5350-1.5410
Australia	2.3320-2.3360	1.4820-1.4840
Brazil	31.9590-32.1385	20.2720-20.3730
Finland	7.1445-7.1650	4.5400-4.5420
Greece	211.20-215.05	134.15-136.30
Hong Kong	12.2950-12.3170	7.8010-7.8030
Iran	116.40*	72.50*
Korea (Sth)	1349.50-1361.75	850.70-857.70
Kuwait	0.43720-0.43780	0.27720-0.27740
Luxembourg	60.35-60.45	38.30-38.40
Malaysia	3.9840-3.9940	2.5280-2.5300
N. Zealand	2.8200-2.8300	1.7890-1.8020
Saudi Ar.	5.9155-5.9210	3.7500-3.7510
Singapore	3.3770-3.3860	2.1430-2.1450
S. Af. (Cm)	3.2945-3.3170	2.0900-2.0940
S. Af. (Fn)	5.4865-5.6835	3.4785-3.6035
Taiwan	54.90-55.15	34.60-34.70
U.A.E.	5.7935-5.7985	3.6725-3.6735

* Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Mar. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5725-1.5815	1.5745-1.5755	0.58-0.55 c pm	4.30	1.36-1.31 pm	3.39
Canada	2.0754-2.0844	2.0805-2.0815	0.69-0.60 c pm	3.71	1.55-1.40 pm	2.83
Neth'lands	3.29-3.30¼	3.29-3.30	1⅞-1⅝ c pm	6.37	4⅛-3⅞ pm	4.86
Belgium	60.23-60.65	60.35-60.45	20.16 c pm	3.58	42-36 pm	2.58
Denmark	10.96-11.02½	10.97¾-10.98¾	par-¼ore dis	−0.14	⅛-⅜ dis	−0.09
Ireland	1.0900-1.1120	1.0940-1.0950	0.25-0.40 p dis	−3.56	0.70-1.00 dis	−3.11
W. Germany	2.91¼-2.92¾	2.91½-2.92¼	1⅞-1⅝ pf pm	7.20	4½-4¼ pm	6.00
Portugal	223.19-224.55	223.20-224.20	43-154 c dis	−5.28	229-346 dis	−5.14
Spain	204.32-205.46	204.50-204.80	55-79 c dis	−3.93	176-220 dis	−3.87
Italy	2069½-2082¼	2073½-2074½	3-11lire dis	1.16	3pm-2 dis	0.109
Norway	10.93½-11.01	10.96½-10.97½	¼-½ ore dis	−0.41	1-1¼ dis	−0.41
France	9.69½-9.75	9.71-9.72	2½-2c pm	2.78	5-4¼ pm	1.90
Sweden	10.14¼-10.21	10.17¾-10.18¾	par-¼ore dis	−0.15	¼-¾ dis	−0.10
Japan	239-241	239¼-240¼	1⅛-1⅛ y pm	−0.15	⅛-⅛ pm	5.62
Austria	20.49-20.57	20.49-20.52	12⅛-11 gro pm	6.84	28¼-26 pm	5.29
Switzerland	2.44⅝-2.45¼	2.44⅝-2.45¼	1½-1¼ c pm	6.74	3⅝-3⅛ pm	5.72

Belgian rate is for convertible francs. Financial franc 60.60-60.70. Six-month forward dollar 2.54-2.49 c pm 12-month 4.55-4.45 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Mar. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5725-1.5815	1.5745-1.5755	0.58-0.55c pm	4.30	1.36-1.31pm	3.39
Ireland†	1.4370-1.4425	1.4385-1.4395	1.03-0.98c pm	8.38	2.50-2.35 pm	6.74
Canada	1.3185-1.3232	1.3205-1.3215	0.05-0.08c dis	−0.59	0.15-0.20 dis	−0.53
Netherlands	2.0890-2.1000	2.0925-2.0935	0.23-0.18c pm	1.17	0.57-0.52pm	1.04
Belgium	38.30-38.48	38.30-38.40	2-3c dis	−0.78	7-9 dis	0.83
Denmark	6.96¼-6.99¼	6.97-6.97½	2.75-3.45ore dis	−5.33	7.50-8.20 dis	−4.50
W. Germany	1.8480-1.8590	1.8525-1.8535	0.47-0.44pf pm	2.94	1.21-1.16 pm	2.56
Portugal	142¼-142¾	142¼-142½	80-130c dis	−8.87	270-340 dis	−8.59
Spain	129.75-130.26	130.05-130.15	95-105c dis	−9.23	240-270 dis	−7.84
Italy	1314-1320½	1316½-1317¼	3½-4lire dis	−3.42	10-12 dis	−3.34
Norway	6.95½-6.98	6.96¼-6.96¾	4.70-5.20ore dis	−8.53	13.20-13.50dis	−7.67
France	6.15½-6.18½	6.16½-6.17¼	0.72-0.82c dis	−1.50	2.25-2.45 dis	−1.52
Sweden	6.45½-6.47¼	6.46¼-6.46¾	2.85-3.15ore dis	−5.54	6.90-7.30 dis	−4.39
Japan	152.35-153.40	152.55-152.65	0.28-0.24y pm	2.03	0.87-0.82 pm	2.20
Austria	13.00-13.06	13.01-13.01½	3.00-2.50gro pm	2.53	6.50-5.50 pm	1.84
Switzerland	1.5490-1.5600	1.5530-1.5540	0.36-0.32c pm	2.63	0.91-0.86 pm	2.28

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.45-38.55.

EURO-CURRENCY INTEREST RATES

Mar. 13	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10⅞-11⅛	10⅝-10⅞	10¼-10⅜	9⅞-10	9⅞-9⅞	9⅝-9¾
U.S. Dollar	5⅞-6⅛	6⅛-6¼	6⅜-6½	6⅜-6⅞	6⅜-6⅛	6½-6⅝
Can. Dollar	6½-6¾	6⅝-5⅞	6⅞-6⅞	6⅞-7⅛	7-7⅛	7⅜-7½
D. Guilder	5⅛-5⅜	5⅛-5⅜	5⅜-5½	5⅜-5⅝	5⅛-5⅞	5⅛-5⅞
Sw. Franc	⅞-1	⅞-1⅛	4⅛-4⅜	4⅛-4⅜	3⅞-4⅛	3⅞-4⅛
Deutschmark	3⅞-3⅞	3⅞-4⅛	3⅞-4⅛	3⅞-4⅛	3⅞-4⅛	4⅛-4⅜
Fr. Franc	7⅝-7⅞	7⅞-7⅞	7⅞-7⅞	7⅞-8	8-8⅛	8⅛-8⅜
Italian Lire	9-10	9¼-10⅛	⅞-9⅞	9½-10	9⅝-10⅛	9⅝-10⅛
B. Fr. (Fin.)	7⅛-7⅞	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞	7⅛-7⅞
B. Fr. (Con.)	6⅞-7⅛	7-7½	7-7½	7⅛-7⅞	7⅛-7⅞	7⅛-7⅞
Yen	4⅛-4⅛	4⅛-4⅛	4⅝-4⅞	4⅛-4⅞	4⅜-4⅜	4⅜-4⅛
D. Krone	10⅞-11⅛	10⅞-11⅛	10⅞-11⅛	10⅞-11⅛	10⅞-11⅛	10⅞-11⅛
Asian $ (Sing.)	1⅞-2	N/A	3⅞-3⅛	3⅞-3⅞	3⅛-3⅞	3⅜-3⅛

Long-term Eurodollars: Two years 6⅞-7 per cent; three years 7-7⅛ per cent; four years 7⅜-7⅝ per cent; five years 7½-7⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar. 13	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.575	2.918	240.3	9.715	2.448	3.295	2074.	2.081	60.40
$	0.635	1.	1.853	152.6	6.168	1.554	2.093	1317.	1.321	38.35
DM	0.343	0.540	1.	82.35	3.330	0.839	1.129	710.9	0.713	20.70
YEN	4.162	6.556	12.14	1000.	40.44	10.19	13.71	8633.	8.662	251.4
F Fr.	1.029	1.621	3.003	247.3	10.	2.519	3.392	2135.	2.142	62.17
S Fr.	0.409	0.644	1.192	98.16	3.969	1.	1.346	847.4	0.850	24.68
H Fl.	0.303	0.478	0.885	72.91	2.948	0.743	1.	629.4	0.632	18.33
Lira	0.482	0.759	1.407	115.8	4.684	1.180	1.589	1000.	1.003	29.12
C $	0.481	0.757	1.402	115.4	4.668	1.176	1.583	996.6	1.	29.02
B Fr.	1.656	2.608	4.830	397.8	16.08	4.052	5.455	3434.	3.445	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Rates slightly lower

INTEREST RATES were slightly easier where changed in London yesterday particularly at the shorter end of the market. Most traders were content to get the day's shortage out of the way and take a grandstand seat for Tuesday's budget. Most people were expecting a half point cut while an extra half point was probably dependent to some extent on the timing of the next general election.

Three-month interbank money was quoted at 10-9⅞ per cent, unchanged from Thursday while weekend money opened at 11¼-11 per cent and eased to 10 per cent before coming back to 11¼ per cent. However late balances were taken as low as 9 per cent.

The Bank of England forecast a shortage of around £1,100m with factors affecting the market

UK clearing bank base lending rate 10½ per cent since March 10

including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £1,212m and a rise in the note circulation a further £265m. In addition banks brought forward balances £180m below target. These were partly offeset by Exchequer transactions which added £535m to the system.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £478m and comprised outright purchases of £7m of eligible bank bills in band 1 at 10⅜ per cent and £30m in band 2 at 10⅝ per cent. It also arranged sale and repurchase agreements on £294m of bills at 10⅞ per cent, unwinding on March 30 and £147m at the same rate, unwinding on April 8.

The forecast was revised to a shortage of around £1,050m before taking into account the early help and the Bank gave additional assistance of £168m through outright purchases of £20m of eligible bank bills in band 1 at 10⅜ per cent and £1m in band 2 at 10⅝ per cent. It also arranged sale and repurchase agreements on £98m of bills for resale to the market on March 30 and £49m for resale on April 8 all at 10⅞ per cent.

Once again the forecast was revised, this time to a shortage of around £1,000m. Additional assistance was given in the afternoon of £195m, £189m through outright purchases of £13m of eligible bank bills in band 1 at 10⅜ per cent and £176m in band 2 at 10⅝ per cent. It also arranged further sale and repurchase agreements on £4m of bills for resale on March 30 and £2m for resale on April 8, all at 10⅞ per cent. Late help came to £185m, making a total of £1,026m.

Interest remained strong in the £100m of bills of offer at the weekly Treasury bill tender with total bids coming to £507.5m compared with £799m the previous week. The minimum accepted bid was £97.665 compared with £97.59 and bids at that level and above were met in full. The average rate of discount fell to 9.2935 per cent from 9.6665 per cent. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar. 13) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅜	offer 6½	bid 6⅜	offer 6½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Mar. 13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.80-3.90	3.90-4.00	3.90-4.00	3.90-4.05	3.90-4.05	5.0
Paris	7¼-7⅜	7⅜-7⅞	7¼-7⅞	7⅜-7⅞	7⅞-8⅛	7¼
Zurich	⅞-1⅛	4⅛-4⅞	—	4⅛-4⅞	—	—
Amsterdam	5⅜-5⅞	5⅜-5½	—	5⅜-5½	—	—
Tokyo	3.90625	4.15625	—	3.96875	—	—
Milan	11⅛-11⅜	10⅞-11⅜	—	11-11½	—	—
Brussels	4.70	7⅞-7⅞	—	7⅞-7⅞	—	—
Dublin	14⅛-14⅜	14⅛-14⅜	13¾-14	13⅞-13⅞	12⅞-12⅞	—

LONDON MONEY RATES

Mar. 13	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11¼-9⅞	11⅛-10⅞	10⅞-10¼	10-9⅞	9⅞-9⅞	9⅞-9⅝
Sterling CDs	—	—	10⅛-10⅛	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞
Local Authority Deposits	10⅞	10⅞	10⅛	9⅞	9⅞	9⅞
Local Authority Bonds	—	—	10½	10⅛	10⅛	9⅞
Discount M'ket Deposits	11-8	10⅞	10	9½	—	—
Company Deposits	10⅞	10⅞	10⅜-10⅛	10	9⅞	9⅞
Finance House Deposits	—	—	10⅛	9⅞	9⅞	9⅞
Treasury Bills (Buy)	—	—	10	9⅞	—	—
Bank Bills (Buy)	—	—	10⅛	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10⅛	10⅛	9⅞	—
Dollar CDs	—	—	6.50-6.45	6.45-6.40	6.45-6.40	6.50-6.45
SDR Linked Deposits	—	—	6⅛-6	6⅛-5⅞	6⅛-6⅛	6⅛-5⅞
ECU Linked Deposits	—	—	7⅛-7	7⅛-7	7⅛-7	7⅛-7⅛

Treasury Bills (sell): one-month 9⅞ per cent; three-months 9½ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.2935 p.c. ECGD Fixed Finance Scheme IV reference date January 31 to February 27 (inclusive): 10.896 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 per cent from March 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8½ per cent; one-three months 8½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-12 months 9 per cent; Under £100,000 8½ per cent from March 6. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Budget optimism lifts equity index to 2,000

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 23	Mar 5	Mar 6	Mar 16
Mar 9	Mar 19	Mar 20	Mar 30
Mar 23	Apr 2	Apr 3	Apr 13

* New time dealings may take place from 9.00 am two business days earlier.

Budget optimism revived yesterday and rounded off an indifferent week for UK security markets. Hopes that the Chancellor would lower personal taxation levels and further reduce interest rates next Tuesday encouraged institutional investors to commit funds to a range of quality equities.

UK investment houses were the main buyers and concentratd on fashionable drug issues, such as Glaxo, and consumer-related shares. Overseas investors were happy to purchase international stocks but were not prepared to chase prices higher. A forthcoming Japanese presentation inspired the business in Glaxo.

Also contributing to the firmer equity tone was Government approval of a nuclear programme costing upwards of £6bn. This was seen as a challenge for UK industry and caused the Director-general of the CBI to say the decision was important for industry both as a supplier of equipment and as electricity consumers. The rosy picture painted by the latest FT/CBI survey of distributive trades was another help.

The FT-SE 100 share pierced 2,000 again to show a rise of 14.6 at 3.15 pm but slipped back to close a net 10.3 higher at exactly 2,000. Over the week the index showed a mere 1.8 gain.

The market was abuzz late with more gossip of newer security houses suffering heavy losses and considering withdrawing from marketmaking activities. On this occasion Midland Bank was said to be unhappy over the severity of the shortfall at its Greenwell Montagu offshoot and was about to rectify the situation. The decision to disband the equity marketmaking side of Greenwell Montagu was announced later. Midland Bank shares fell, closing 13 down at 625p.

Kleinwort Grieveson, mentioned also as a casualty recently, completed a £50m portfolio switch for Legal and General. Three pension funds recently handed Legal and General their combined portfolios of £90m to manage under the pooled index fund for corporate pension funds.

Government bonds opened cautiously as sterling eased back from the strong mid-week levels. Professional bear selling put longer-dated down a point before Gilt futures began trading at virtually unchanged rates. The cash market rallied quickly and longer Bonds eventually returned to overnight levels, helped by revived Continental demand, before finally easing again.

Domestic retail interest was light ahead of the Budget but investors continued to look confidently forward to cheaper money. Some were hoping for bank base rates to fall by 1 percentage point but the majority were expecting cuts of ½ percentage point, to 10 per cent. Short-dated Gilts maintained a firm profile reflecting these expectations.

Rumours that Citicorp of the US had written off its entire Latin American debt induced early nervous selling of the clearing banks which soon displayed falls ranging to 17. A categorical denial from Citicorp prompted only a modest rally which left NatWest 13 down on balance at 592p, after 588p, and Lloyds 7 off at 492p, after 488p. Barclays gave up 6 at 520p, after 518p. Elsewhere, Union Discount advanced 5 more for a rise of 98 on the week at 878p on suggestions that New Zealand entrepreneur Mr Ron Brierley is the mystery buyer that acquired a near-5 per cent stake in the company last Tuesday. Morgan Grenfell, however, gave up 5 to 373p as sellers remained active in front of next Wednesday's preliminary results. Provident Financial reflected cheaper money prospects with a rise of 7 at 372p.

Lloyds Broker Minet firmed 14 more for a two-day rise of 26 at 271p on PCW settlement hopes. Willis Faber moved up 4 at 430p ahead of Tuesday's preliminary figures and Hogg Robinson edged forward a penny to 363p following news of the acquisition of 6 estate agency branches of Becketts located in the Middlesex and S.W. Hertfordshire areas. Elsewhere, Equity and Law were a shade easier at 345p as Mr Ron Brierley's IEP Securities increased its stake in the company to nearly 23 per cent; the annual results are also scheduled for March 24. Sun Life, rumoured to be a possible bid target for the TSB, improved a fraction further to £10.

Interest in the Brewery sector faded as the week drew to a close, with prices tending to drift back a shade. Guinness, however, turned distictly easier and reacted 6 to 320p after the previous day's flury. The official denial of a bid approach by the company encouraged a reaction of 7 to 196p in H. P. Bulmer. Invergordon, up to 170p at one stage, eased back to close a penny firmer on balance at 166p following the preliminary figures.

The undertone in the Building sector was firm, but price rises were relatively modest. Barratt Developments firmed 4 to 194p ahead of the interim results expected next Thursday, while BPB Industries rose 12 to 685p on talk of an imminent 3½ per cent increase in plaster board prices. Blue Circle edged up a couple of pence to 750p; earlier in the week, Adelaide Steamship of Australia disposed of its stake in the company. RMC were 5 dearer at 816p and Rugby Portland Cement 3 better at 218p; the latter's annual results are due at the end of the month. Raine Industries closed unchanged at 103p, the company yesterday made an agreed offer for Ford and Weston. Profit-taking left recent speculative favourite Stanley Miller 13 down at 63p. Helical Bar attracted fresh support and rose 11 to 549p while Newarthill moved up 10 to 918p. Tay Homes advanced 52 to 402p in a restricted market. Timber issues made a bright showing with Magnet and Southerns 14 higher at 316p and Phoenix 5 up at 146p. Myer International hardened a couple of pence to 348p.

Currency influences helped ICI move up ⅛ to £13¾. Elsewhere in the Chemical sector, British Benzol gained 9 to 94p following Press suggestions of a possible bid from Costain. Evode firmed 8 to 184p and Plysu 3 to 184p.

The overnight announcement that Cyacq Corp of the US had made an increased conditional tender offer for Cyclops, the US industrial products and electronic retailing group, which exceeds the $90.25 a share offered by Dixons, made little impression on the latter which moved forward strongly to close 14 higher at 396p, after 394p. This news prompted a speculative flurry in W. H. Smith which rose 8 to 330p on hopes that Dixons would now abort its offer for Cyclops and turn its attentions to WHS. Woolworth, which this week revealed an agreed takeover bid for Charlie Browns Car Part Centres, jumped 28 to 833p, while Gussies A hardened a fraction more to £13¾. Elsewhere in a fairly buoyant Stores sector anticipating a bumper, tax-cutting bdget on Tuesday, Superdrug moved up 7 to 492p ahead of Thursday's annual figures and revived speculative buying lifted Exectex 20 to 168p and Body Shop 30 to 740p. Underwoods, still reflecting the possibility of an eventual bid from Woolworths, gained 11 at 258p, while European Home Products jumped 7 to 193p on further consideration of the better-than-expected results. Ward White, on the other hand, relinquished 7 to 337p following details of the Board and management changes.

BICC were the pick of the Electrical majors, rising 11 to 346p as investors continued to show an increased interest ahead of the preliminary results due on March 25. Elsewhere, United Scientific revived with a gain of 9 at 233p and Britannia Securities moved up 10½ to 207p. FKI Electricals added 6 at 118p and gains of 12 and 16 respectively were seen in Borland, 125p, and Mellerware, 105p.

Selective demand was again evident in Engineering shares. Among the leaders, Vickers rose 20 to 486p amid talk of forthcoming meetings with institutional investors. News that the Government had given the go-ahead for the Sizewell nuclear programme, directed attention to companies which may benefit, with Hopkinson rising 14 to 415p, Weir Group 6 to 175p and Babcock 4 to 200p. Elsewhere, expansion hopes prompted revived interest in Bromsgrove, up 10 at 112p, while Aerospace Engineering, enlivened by Press mention, gained 9 to 91p. Crown House, reflecting a revival of takeover hopes, regained 15 to 230p.

Among Foods, Cadbury Schweppes revived strongly on talk of a broker's recommendation and closed 6 higher at 243p. Rowntree Mackintosh put on 1 to 501p, after 508p, following comment on the annual results. Tate and Lyle continued to attract buyers and firmed 6 more to 775p, while Unigate added 2 to 385p. Ranks Hovis McDougall picked up 6 at 320p; Avana, currently fighting an unwelcome offer from RHM, moved up 13 to 724p. Press comment stimulated Greggs, 9½ higher at 330p, and Hughes Food, 9 better at 107p.

The easier trend in sterling lent weight to an improvement in some of the international stocks. Glaxo rose ¼ to £15½, while BOC closed 9 better at 435p. Boots recorded a modest rally of 5 at 295p. Reckitt and Colman moved up 22 to 991p. Wellcome, reflecting US demand, closed 11 to the good at 512p. Elsewhere in the miscellaneous industrial sector, Reed International came to life and put on 19 to 433p. Pearson, awaiting Monday's preliminary statement, improved 19 more to 589p, while Parker Knoll, reflecting further commen on the recent figures, moved up 12 more to 592p. Sustained by William Holdings bid hopes, Norcros edged up a few pence further to 382p; the former rallied 10 to 722p. Speculative demand left Heatair 11 to the good at 206p. British Aerospace, reflecting satisfaction with the Airbus Industrie review of the launch campaign for the combined A330/A340 programme, gained 13 to 648p. Press comment prompted a jump of 54 to 195p in Oakwood in a limited market, while newspaper mention also helped British Vita which improved 11½ to 405p. Demand persisted for Rank Organisation, up 21 more at 679p, but profit-taking clipped 3 from J. H. Fenner at 174p after the previous day's speculative flurry. BETEC came to life with a rise of 8 at 142p and American Business Systems advanced a similar amount to 135p. Mitchell Cotts, on the other hand, drifted back 2½ to 56¾p following comment on the interim statement.

Central TV continued to reflect speculation that Ladbroke may sell its 20 per cent stake in the company and the prise rose 38 more to 583p. Tyne Tees, still reflecting the good results, advanced 12 to 494p. Old takeover favourite Fairline Boats came to life and gained 18 to 246p.

Jaguar edged forward as currency pressure eased and rallied 13 to 570p. Lucas hardened a few pence to 590p. Among Motor Distributors, Perry Group firmed 8 to 233p following the annual results. C. D. Bramall moved up 8 to 271p.

William Collins issues pushed relentlessly forward, the ordinary adding 34 more to 555p and the "A" 65 to 510p following comment on the excellent annual results. Among Paper/Printings, WPP jumped 51 to 983p following buying ahead of Monday's preliminary figures and KLP closed a further 20 higher at 400p. DRG edged forward 2 to 418p behind revived rumours of a possible bid from Bunzl, 9 better at 233p.

Land Securities continued to respond to institutional demand and firmed 6 more to 378p, while MEPC hardened 2 to 353p. Peachey touched 352½p prior to closing 4 dearer at 351p following the announcement that a British Land subsidiary had raised its 5.1 per cent stake to 6.1 per cent; BL slipped to 192p before settling unchanged at 195p. Second line Property issues featured New England Properties which soared to 61p at one stage before closing some 27 higher at 53p following an offer for the outstanding 49 per cent of the equity from Messrs David Jackson and John Hackman: the company also announced annual results and a proposed £1.9m rights issue yesterday. Egerton Trust were again in demand and rose 12 to 171p, while Belgrave Holdings added a couple of pence to 148p following details of the disposal of all its London hotels for some £11m to improve profits. Dencora gained 9 to 146p following Press comment.

Reflecting the market trend, P & O Deferred hardened 7 to 630p. Elsewhere in the Shipping sector, Tiphook were supported and put on 6 to 398p.

A re-rating of selected Textile stocks left Dawson International 16 to the good at 288p and Coats Viyella 6 up at 577p; the latter's annual figures are scheduled for March 24. Courtaulds moved up 4 at 383p, while Tomkinsons reflected demand in a thin market with a rise of 28 at 425p.

Among Financials, demand continued for Authority Investments, up 12 more at 415p, in a limited market, while Press mention directed further buying interest to Argyle Trust which improved 6 further to 148p.

The oil majors made steady albeit modest progress on crude oil price optimism. British Petroleum closed 8 higher at 817p and Shell firmed ¼ to £12⅛. Ultramar, still reflecting comment on the results, gained 9 more to 214p, while Britoil put on 4½ to 204p. Carless Capel met with renewed institutional demand and rose 4½ to 96p.

South African Gold shares went better initially but the gains were masked in sterling terms by dollar influences. Renewed firmness in the Rand was a major factor before the market tuned off late with the fall in the bullion price. After trading for much of the session around $408½-$409 an ounce, gold slipped to close 5¼ lower on balance at $404¾. Early rises in Diamond and Platinum issues were similarly pared in the late trade. Mining Finance houses also prospered until they too slipped from the highest, and Australian Gold shares followed the same pattern.

FINANCIAL TIMES STOCK INDICES

	Mar. 13	Mar. 12	Mar. 11	Mar. 10	Mar. 9	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	89.87	89.89	90.12	89.55	89.25	88.57	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.29	95.55	95.51	95.13	95.13	92.90	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,583.9	1,578.0	1,571.4	1,586.4	1,576.3	1,360.0	1,613.5 (3/3/87)	1,094.3 (14/1/86)	1,613.5 (3/3/87)	49.4 (26/6/40)
Gold Mines	340.1	331.3	324.1	322.2	329.6	319.7	346.7 (5/3/87)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.69	3.71	3.72	3.69	3.71	3.99				
Earnings Yld.%(full)	8.56	8.60	8.64	8.59	8.64	9.50				
P/E Ratio (net) (*)	14.32	14.25	14.19	14.27	14.19	13.07				
SEAQ Bargains (5 pm)	48,407	46,032	49,829	46,183	53,342	—				
Equity Turnover (£m)	—	1,438.92	1,452.21	1,333.91	1,359.62	930.123				
Equity Bargains	—	57,838	56,688	57,931	64,128	40,332				
Shares Traded (ml)	—	602.3	600.1	620.0	615.4	382.1				

S.E. ACTIVITY

Indices	Mar. 12	Mar. 11
Gilt Edged Bargains	177.2	189.3
Equity Bargains	374.8	367.3
Equity Value	2908.4	2935.3
5-Day Average		
Gilt Edged Bargains	187.1	196.8
Equity Bargains	392.8	406.3
Equity Value	3000.5	3202.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1584.8	1586.8	1588.4	1589.8	1587.5	1588.7	1588.7	1582.3

Day's High 1590.1. Day's Low 1581.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.79.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		CALLS Apr.	Jly.	Oct.	PUTS Apr.	July	Oct.
Allied Lyons (*395)	330	72	83	90	1	3	5
	360	45	57	68	4	12	15
	390	23	38	48	15	22	27
	420	10	22	32	30	35	40
Brit. Airways (*126)	90	37	39	42	0½	1	2½
	100	27	30	33	1	2½	4
	110	18	22	27	1½	5½	8
	120	9½	14	20	4	10	13
British Gas (*81)	50	32	33½	—	0½	0½	—
	60	22	24	28	0½	1	1
	70	12	16	19½	0¾	2½	3½
	80	4½	10	13	3½	5½	7¾
B.P. (*817)	650	175	195	—	1½	4	—
	700	125	145	162	3	8	15
	750	82	100	123	9	15	27
	800	41	65	87	20	30	40
Cons. Gold (*829)	750	90	107	122	7	17	23
	800	49	77	100	23	34	47
	850	28	58	72	50	57	67
Courtaulds (*383)	330	59	68	80	3	8	12
	360	36	50	65	8	16	22
	390	21	37	49	23	33	37
	420	10	24	35	45	50	53
Com. Union (*327)	280	51	60	65	3	5	8
	300	35½	47	54	7	12	16
	330	15	29	38	17	22	25
	360	7	18	26	39	45	50
Cable & Wire (*367)	330	—	58	77	—	11	18
	350	27	—	—	9	—	—
	360	—	37	57	—	23	33
	390	9	21	40	30	39	50
G.E.C. (*211)	200	18	29	36	3	10	11
	220	8	17	25	16	19	24
	240	3	10	18	34	36	42
Grand Met. (*489)	460	42	58	70	4	15	18
	500	17	35	48	25	30	37
	550	6	15	32	65	68	72
I.C.I. (*1336)	1250	115	155	180	14	32	50
	1300	78	120	142	32	50	72
	1350	45	95	115	50	72	95
	1400	32	75	95	85	102	118
	1450	14	50	75	130	140	150
Land Securities (*377)	330	50	55	65	1	4	6
	360	23	33	44	6	12	15
	390	8	16	27	19	23	29
Marks & Spen. (*233)	200	36	42	47	2	3	7
	220	20	26	33	4	11	14
	240	8	14	24	14	21	24
Shell Trans. (*1212)	1050	165	167	190	7	20	30
	1100	115	123	145	14	30	42
	1150	68	90	118	30	45	55
	1200	37	58	78	53	70	85
Trafalgar House (*335)	280	59	66	79	2	3	7
	300	38	48	61	4	8	12
	330	19	29	42	14	17	24
	360	5	14	24	29	34	40
TSB (*77)	70	9	12½	14½	1	2½	3
	80	3	5½	7½	5	6½	7
	90	0¼	2	—	14	14	—
	100	0½	—	—	23	—	—
Woolworth (*805)	700	145	160	175	3	4	10
	750	95	110	125	8	12	20
	800	50	70	85	20	30	50

Option		Mar	June	Oct	Mar	June	Oct
Bass (*952)	800	160	175	200	1	5	12
	850	110	130	155	2	13	20
	900	60	95	125	3	23	38
	950	20	57	95	12	50	58
GKN (*328)	300	28	35	42	2	15	20
	330	5	18	25	10	29	33
	360	1	9	16	35	48	52
	390	1	—	—	65	—	—
Jaguar (*572)	550	25	53	77	4	22	30
	600	1	32	50	31	58	62
	650	0½	15	32	80	870	92

Option		May	Aug	Dec	May	Aug	Dec
Barclays (*520)	500	45	65	75	18	25	35
	550	17	38	45	42	50	57
	600	6	16	23	85	92	97
Midland Bk (*634)	600	57	67	87	15	25	32
	650	25	35	55	35	45	50
	700	9	15	33	70	80	87

Option		May	Aug	Nov	May	Aug	Nov
Brit Aero (*652)	550	110	127	—	3	12	—
	600	72	92	—	17	25	—
	650	38	65	85	35	47	52
	700	18	45	65	65	73	82
BAT Inds (*519)	460	63	78	—	4	8	—
	500	38	52	68	18	25	30
	550	16	30	42	50	57	60
Brit. Telecom (*245)	220	32	36½	44	2½	6½	10
	240	18	25	33	8	14½	17
	260	7½	15	20	20	27	28
Cadbury Schweppes (*245)	220	29	38	—	4	11	—
	240	17	25	37	14	19	23
	260	10	19	27	27	30	35

Option		CALLS May	Aug.	Nov.	PUTS May	Aug.	Nov.
Guinness (*319)	280	52	63	75	4	17	18
	300	40	55	65	15	25	30
	330	22	35	47	30	40	40
	360	9	20	—	50	53	—
Ladbroke (*435)	360	80	88	—	2	5	—
	390	52	65	—	5	12	—
	420	32	45	58	15	22	25
	460	12	23	35	40	43	50
LASMO (*222)	160	66	72	—	1½	5	—
	180	46	53	61	5	9	11
	200	32	38	46	10	14	18
	220	20	26	35	18	22	25
P. & O. (*629)	550	83	97	—	5	15	—
	600	45	60	80	20	28	35
	650	18	37	50	48	57	60
Racal (*246)	200	52	61	—	1½	4	—
	220	36	46	54	6	9	12
	240	20	33	44	10	16	22
	260	9	21	32	22	26	32
R.T.Z. (*735)	650	100	120	—	8	12	—
	700	67	90	112	20	28	33
	750	35	64	90	45	54	65
	800	16	40	60	85	92	105
Vaal Reefs (*$95)	70	27	31	—	1	2¼	—
	80	19½	25	29	2	4	5
	90	12	17½	20½	5	8¼	9
	100	6¼	12	13½	10½	12½	14½
Tr. 11¾% 1991 (*£108)	102	5⅞	6⅛	—	0⅛	0⅜	—
	104	4⅛	4⅜	—	0⅜	0⅝	—
	106	2⅜	3⅛	3¼	0⅝	1⅛	1⅛
	108	1⅜	2⅛	2⅛	1½	2⅛	2⅛
	110	0⅛	—	—	2⅛	—	—
Tr. 11¾% 03/07 (*£121)	114	6⅞	7⅛	—	0⅛	1⅛	—
	116	5⅜	6⅛	6⅞	0⅛	1⅝	2⅛
	118	4	4⅞	5⅜	1⅛	2⅛	2⅞
	120	2⅞	4⅛	4⅞	2⅛	3⅛	3¼

Option		Mar	June	Sep	Mar	June	Sep
Beecham (*551)	420	133	143	150	1	2	3
	460	93	105	115	1	5	8
	500	53	73	90	1½	13	20
	550	10	40	58	10	33	40
Boots (295)	260	35	41	50	1	4	8
	280	17	33	37	4	13	18
	300	5	24	28	12	27	31
	330	1	13	19	38	44	50
BTR (*338)	280	62	65	78	0½	4	7
	300	42	48	60	1	7	12
	330	13	27	40	4	16	21
	360	3	14	25	24	33	38
Blue Circle (*750)	550	202	207	—	1	1	—
	600	152	157	173	1	2	4
	650	102	107	123	1	8	13
	700	52	73	90	2	15	23
	750	10	45	58	11	30	43
De Beers (*$10.78)	900	190	200	245	3	17	30
	950	140	175	210	4	22	42
	1000	95	145	185	4	30	54
	1050	—	115	165	—	55	80
	1100	—	100	150	—	75	105
Dixons (*393)	300	95	108	116	0¼	1	3
	330	65	78	88	0¼	3	6
	360	35	52	60	1	92	16
	390	9	36	46	92	24	30
Glaxo (*1526)	1350	215	260	305	3	22	35
	1400	165	220	265	3	33	50
	1450	115	185	230	3	48	64
	1500	70	150	200	13	65	80
	1550	35	117	170	28	900	100
	1600	15	95	145	55	110	125
	1650	6	75	125	105	135	150
Hanson (*174)	135	39½	43½	47	0½	1	2
	150	24½	29½	34½	0½	2½	4
	165	9	18½	24	1	6	8
	180	1½	10	15	7½	12½	15
Lonrho (*276)	240	37	44	49	1	3½	5
	260	17	30	33	2	7	10
	280	3	16	20	7	14	19
	300	1	8½	13	25	28	32
Sears (*140)	130	—	16½	20	—	5	6½
	140	—	12	16½	—	10	13
	160	—	5	7½	—	23	25½
Tesco (*489)	390	102	113	125	1	3	5
	420	72	81	98	1	5	12
	460	32	50	72	3	15	22
	500	6	25	45	18	33	37
Thorn EMI (*610)	500	112	130	137	0½	2	4
	550	62	87	95	0½	12	15
	600	17	57	67	6	30	35
	650	1	32	42	43	57	70
Trusthouse Forte (*216)	180	41	48	54	0¼	2	3
	200	21	33	39	1	8	12
	220	4	20	27	5	14	18

Option		Mar.	Apr.	May	Jun.	Mar.	Apr.	May	Jun.
FT-SE Index (*1997)	1675	325	342	—	—	1	2	—	—
	1700	300	317	—	—	1	2	—	—
	1750	250	267	—	—	1	2	—	—
	1800	200	222	240	—	1	6	17	—
	1850	150	178	200	—	1	13	25	—
	1900	105	140	165	—	6	23	35	—
	1950	63	105	125	140	17	37	55	68
	2000	33	73	95	115	42	60	80	90
	2050	15	47	68	88	75	900	105	115

March 13. Total Contracts 48,400. Calls 38,269. Puts 10,131. FT-SE Index Calls 1,523 Puts 763 *Underlying security price.

Traded options

British Airways dominated proceedings once again in the Traded Option market, as 8,392 calls were struck—3,940 in the April 120s—and 1,902 puts. The overall total was 48,400, comprising 38,269 calls and 10,131 puts.

Traditional Options

- First dealings March 2
- Last dealings March 13
- Last declaration June 11
- For Settlement June 22

For rate indications see end of Unit Trust Service

Call options were taken out in Amstrad, News International, Property Trust, Spong, Control Securities, Babcock, Laird Group, Hartwell, Helical Bar, Telbex, Central and Sheerwood, Astra Industrial, Norbain, Benjamin Priest, Egerton, Walker Greenbank, Bula Resources, Rotaprint, Ryan International, Hobson, Gibbs and Dandy A, FJC Lilley, Appledore, Tex Holdings, Polly Peck, Hawley Group, NEI and Wilson Bowden. Wellcome were dealt in for the put, while a double option was arranged in Rotaprint.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (258)

BRITISH FUNDS (4), AMERICANS (4), CANADIANS (6), BANKS (4), BREWERS (4), BUILDINGS (14), CHEMICALS (5), STORES (10), ELECTRICALS (14), ENGINEERING (16), FOODS (5), HOTELS (1), INDUSTRIALS (48), INSURANCE (3), LEISURE (16), MOTORS (5), NEWSPAPERS (8), PAPER (8), PROPERTY (20), SHIPPING (1), SHOES (1), TEXTILES (5), TRUSTS (41), OILS (1), OVERSEAS TRADERS (2), MINES (11), THIRD MARKET (1).

NEW LOWS (1)

BANKS (1) Deutsche Bank.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Details otherwise indicated denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

London County 2½pc Cons 1920 (or after) £22½ (6/3)
Greater London Council 6¼pc 1990-92 £69½
Birmingham Cpn 2½pc 1926 (or after) £20 (6/3). 3½pc 1946 (or after) £28
Birmingham Dist Council 11½pc Red 2012 £111 (11/3)
Leeds (City of) 13½pc Red 2006 £128¼ (9/3)
Manchester Cpn 4pc Cons Irrd £30 (6/3)
Merton (London Boro of) 11¼pc Red 2017 £108¼ (6/3)
Salford Cpn 5½pc Red 1986-88 £93¼ 4⅛ ¼ (10/3)
Southend-on-Sea Boro Council 12pc Red 1987 £100 (6/3)
Southwark Cpn 12½pc Red 1987 £100½ (10/3)

Bowyers (Wiltshire) 6¼pcDb 1985-90 £91½ (10/3)
Braime (T. F. & J. H.) (Hldgs) A 87 (9/3)
Bramall (C. D.) 13pcLn 1992-2003 £113
Brettle (George) 9¼pcLn 1987-92 £63 (9/3)
Bricon 10¼pcDb 1991-96 £97⊕
Bristol Stadium (5p) 226 30 (10/3)
British Airways 115 5.1 6 6.1 ½ 7 7.9 8 8 9 9 ½ 20 20.1 ½ 1 1 2
British Alcan Aluminium 10¾pcDb 2011 £101¼ 2¼. 10½pcDb 1989-94 100¼ (10/3)
British-American Tobacco 5pcPf (£1) 45 (11/3). 6pc2ndPf (£1) 56 8
British Amer Tobacco Invest 10pcLn 1990-95 £95½ (10/3). 10½pcLn 1990-1995 £103½
British Benzol 13pcLn 1995 £420 30 5
British Ever Ready 6pcLn 1992-97 £73 ½

SPECIAL LIST

Kenmore Oil Expln (Ir25p) 24½ 5 ½ 6
North West Expln (20p) 23 5

(By permission of The Stock Exchange Council)

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 166⊕ (10/3)
AOG Minerals A$0.645
Abitibi-Price C$39¾ (6/3)
Acmex Hldgs A$7.175
Acorn Securities 82⊕ 74 5 7 A$1.785
Algoma Steel Corp 475 (11/3)
Allstate Explns 51½⊕ A$1.23 (10/3)
Amber Gold 12 (10/3)
America West Airlines $11⅝⊕ (6/3)
American Barrick Res £18¼
Ames Department Stores $26.459 (6/3)
Ampol Expln 148
Amsterdam-Rotterdam Bank $38.05 Fl 79.8 00 1 80 3 80.35 ½ 80.7
Anglo Am Corp A$18.2 ¼ 18.3 ½ R67
Aust Development A$4.41⊕ 186⊕ (10/3)
Aust Foundation Inv 105
Aust Pacific Resources A$0.362 (11/3)
Bamboo Gold Mines A$0.35 (11/3)
Beach Petroleum A$0.625
Beverly Enterprises $17⅝⊕ (9/3)
Black Hill Minerals 16 ½ (11/3)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Res (10p) 102 (9/3)

Teck Corp A C$31½⊕ (6/3)
Terrex Resources A$0.199 (10/3)
Vaal Reefs ...
Valiant Cons 21⊕ A$0.545 0.55
Victoria Expln 5 A$0.169
Vulitton (Louis) FFr 11130
Wattle Gully Gold Mines A$0.209 0.215
Westfield Minerals 130 (6/3)
Westralian Sands A$3.07 (6/3)
Wong Industrial Hldgs 15 (10/3)

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	5,300	155	−1	Ladbroke	406	434	—
Allied Lyons	2,300	394	−4	Land Securities	7,100	378	+6
Amstrad	11,750	170	−2	Legal & Gen	847	307	—
Assoc. Brit. Foods	1,000	348	+2	Lloyds Bank	1,700	492	−7
BAT	2,300	518	+4	Lonrho	252	276	—
BET	964	515	+3	MEPC	2,400	353	+2
BOC	1,100	435	+9	Marks & Spncr	13,000	234	−4
BPB Inds	744	685	+12	Midland Bank	2,700	625	−13
BPCC	3,000	355	+7	NatWest Bank	2,000	592	−13
BTR	3,500	340	+4	Pearson	851	589	+19
Barclays	1,500	520	−6	P & O	717	630	+7
Bass	793	950	−10	Pilkington Bros	404	748	−2
Beecham	717	551	+3	Plessey	3,700	244	−2½
Blue Circle	1,200	748	—	Prudential	361	244	−2½
Boots	6,000	295	+5	Racal	12,000	246	+2
Brit. Airways	3,700	126	+½	Rank Org	565	679	+21
Brit. Aero	22,000	648	+13	RHM	1,300	317	+3
Brit. Gas	13,000	81	+½	Reckitt & Col	414	991	+22
Britoil	10,000	204	+4½	Redland	339	468	−2
BP	6,900	813	+4	Reed Intl	689	453	+19
Brit. Telecom	7,403	244	+1	Reuters	369	718	+1
Bunzl	2,100	233	+9	RMC	174	816	+5
Burton	1,100	316	+2	RTZ	1,100	735	+10
Cable & Wire	4,200	369	+4	Rowntree Mac	2,800	501	+1½
Cadbury Schwps	3,000	243	+6	Ryl Bnk of Scotland	1,000	330	+1
Coats Viyella	389	577	+6	Royal Insurance	514	994	+4
Comm. Union	5,300	324	−2½	STC	1,500	251	+1
Cons. Gold	1,600	834	+19	Saatchi & Saatchi	1,500	667	+2
Cookson	148	556	+1	Sainsbury	458	482	+2
Courtaulds	1,500	383	+4	Scott & Newcastle	1,900	245	−2
Dee Corpn	5,800	235	+3	Sears	3,500	140	+2
Dixons Grp	8,990	396	+14	Sedgwick	1,300	320	—
English China Clays	431	417	−1	Shell Trans	6,159	£12¾	+⅜
Fisons	186	615	+1½	Smith & Nephew	3,800	155	+3½
Gen. Accident	361	952	−7	Standard Chart	293	737	−8
Gen. Elect	11,000	210	−3	Storehouse	834	315	—
Glaxo	3,100	£15½	+¼	Sun Alliance	493	789	−5
Globe Investment	518	151	+½	TSB	5,100	78	—
Granada	1,000	325	−3	Tarmac	627	522	−6
Grand Met	1,500	489	−2	Tesco	1,900	489	—
Gus "A"	518	£13¾	+⅛	Thorn EMI	1,000	608	+2
Guardian R.E.	299	922	+3	Trafalgar House	1,000	335	+2½
GKN	2,100	328	−6	T'house Forte	3,800	219	+2½
Guinness	5,200	320	−6	Unigate	487	385	+2
Hammerson Prop	202	480	—	Unilever	317	£25¼	+⅜
Hanson Trust	12,000	174	+½	United Biscuits	1,000	275	−2
Hawker Sidd	940	519	−3	Wellcome	5,600	612	+11½
Hillsdown Hlgs	2,200	272	—	Whitbread 'A'	1,700	336	−3
ICI	762	£13⅞	+⅛	Willis Faber	447	430	+4
Imp. Cont. Gas	2,900	720	−2	Woolworth	719	833	+28
Jaguar	1,300	571	+14				

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday, March 12 1987

Health and H'sehold Products	+42.86	All-Share Index	+18.75
Packaging and Paper	+31.48	Food Manufacturing	+18.48
Metals and Metal Forming	+26.47	Brewers and Distillers	+18.04
Agencies	+26.10	Motors	+17.89
Shipping and Transport	+25.54	Other Groups	+17.46
Contracting, Construction	+25.37	Conglomerates	+16.95
Other Industrial Materials	+24.58	Electricals	+15.97
Electronics	+24.45	Oils and Gas	+15.08
Consumer Group	+24.21	Food Retailing	+14.33
Stores	+22.90	Overseas Traders	+13.92
Capital Goods	+22.34	Telephone Networks	+12.18
Textiles	+22.21	Investment Trusts	+11.90
Industrial Group	+21.80	Insurance (Life)	+11.36
500 Share Index	+20.88	Gold Mines Index	+11.20
Chemicals	+20.80	Financial Group	+10.97
Mechanical Engineering	+20.69	Property	+10.32
Leisure	+20.50	Mining Finance	+10.05
Publishing and Printing	+20.10	Merchant Banks	+ 6.60
Building Materials	+19.82	Banks	+ 6.32
Insurance (Composite)	+19.44	Insurance Brokers	+ 3.90

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	45	63	5	261	255	49
Corporations, Dom. and Foreign Bonds	1	15	53	83	37	225
Industrials	600	408	530	2,640	2,433	2,621
Financial and Props.	224	83	280	895	692	1,348
Oils	34	19	59	180	120	260
Plantations	1	5	8	11	17	42
Mines	91	21	68	296	254	350
Others	121	23	49	380	325	246
Totals	1,117	637	1,052	4,746	4,133	5,141

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

		Fri Mar 13 1987 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs March 12 Index No.	Wed March 11 Index No.	Tues March 10 Index No.	Year ago (approx.) Index No.	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (208)	855.74	+0.4	7.48	3.08	16.93	2.16	852.41	853.97	858.89	716.19	866.37	4/3/87	567.56	14/1/86	866.37	4/3/87	50.71	13/12/74
2	Building Materials (27)	1038.26	+0.2	7.55	3.15	16.64	0.72	1035.76	1039.20	1036.76	758.60	1044.46	4/3/87	613.85	23/1/86	1044.46	4/3/87	44.27	11/12/74
3	Contracting, Construction (28)	1493.45	+0.5	6.78	3.16	20.25	2.68	1486.42	1494.84	1485.70	1100.27	1494.84	11/3/87	911.08	23/1/86	1494.84	11/3/87	71.48	2/12/74
4	Electricals (12)	2101.15	+2.2	7.17	3.74	17.90	1.39	2055.28	2055.71	2041.53	1947.46	2101.15	13/3/87	1530.81	2/1/86	2101.15	13/3/87	84.71	25/6/62
5	Electronics (38)	1908.04	−0.7	7.80	2.34	16.95	10.41	1921.28	1925.29	1959.15	1745.20	2013.38	3/3/87	1365.94	29/9/86	2049.85	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (61)	480.84	+1.0	8.41	3.49	15.20	1.84	475.33	474.66	473.70	400.73	483.02	4/3/87	316.63	23/1/86	483.02	4/3/87	45.43	5/1/75
8	Metals and Metal Forming (7)	449.35	−0.2	8.06	3.42	15.86	0.00	450.18	450.49	449.69	320.51	452.82	6/3/87	241.87	2/1/86	452.82	6/3/87	49.65	6/1/75
9	Motors (15)	325.65	+1.4	8.47	3.33	13.61	0.88	321.86	322.65	329.53	284.12	337.55	2/3/87	206.50	14/1/86	337.55	2/3/87	19.91	6/1/75
10	Other Industrial Materials (20)	1481.50	+0.9	6.02	3.36	19.83	2.64	1468.55	1468.81	1481.81	1314.72	1481.81	10/3/87	993.49	21/1/86	1481.81	10/3/87	277.55	15/1/81
21	CONSUMER GROUP (186)	1189.37	+0.7	6.16	2.69	20.88	2.51	1181.06	1171.94	1178.72	893.64	1189.37	13/3/87	739.82	14/1/86	1189.37	13/3/87	61.41	13/12/74
22	Brewers and Distillers (22)	1097.42	−0.9	7.79	3.16	16.16	3.55	1107.28	1098.26	1104.25	861.52	1118.74	6/3/87	764.25	14/1/86	1118.74	6/3/87	69.47	13/12/74
25	Food Manufacturing (25)	880.80	+0.7	7.61	3.30	17.27	2.21	874.79	867.74	872.30	647.00	899.02	3/3/87	549.51	14/1/86	899.02	3/3/87	59.67	11/12/74
26	Food Retailing (16)	2159.53	+0.4	5.84	2.57	23.77	9.65	2150.68	2127.48	2138.07	1871.00	2161.70	3/3/87	1629.03	21/1/86	2161.70	3/3/87	54.25	11/12/74
27	Health and Household Products (10)	2378.24	+1.5	3.99	1.61	29.03	0.20	2343.09	2335.36	2319.93	1532.71	2404.02	25/2/87	1175.62	14/1/86	2404.02	25/2/87	175.38	28/5/80
29	Leisure (31)	1193.09	+0.4	6.35	3.52	20.78	8.26	1188.56	1177.43	1186.90	923.84	1208.06	4/3/87	731.17	24/1/86	1208.06	4/3/87	54.83	9/1/75
31	Packaging & Paper (14)	597.57	+1.2	5.92	2.81	21.94	0.56	590.28	593.71	592.50	449.81	607.14	5/3/87	362.52	9/1/86	607.14	5/3/87	43.46	6/1/75
32	Publishing & Printing (14)	3661.75	+2.7	5.54	3.12	23.19	3.41	3565.57	3529.51	3502.50	2243.42	3683.48	18/2/87	1834.16	9/1/86	3683.48	18/2/87	55.88	6/1/75
34	Stores (37)	1032.83	+0.5	6.28	2.63	21.66	1.25	1026.41	1017.87	1041.63	854.93	1041.63	10/3/87	787.79	23/1/86	1041.63	10/3/87	52.63	6/1/75
35	Textiles (17)	670.98	+1.4	7.78	3.02	14.79	0.17	661.62	647.72	655.14	534.36	693.74	20/2/87	375.50	14/1/86	693.74	20/2/87	62.66	11/12/74
40	OTHER GROUPS (88)	971.61	+0.7	8.12	3.47	15.28	3.78	964.41	961.26	965.72	836.75	985.75	25/2/87	696.16	21/1/86	985.75	25/2/87	58.63	6/1/75
41	Agencies (17)	1411.22	+0.5	4.40	1.76	30.76	3.33	1404.83	1378.78	1352.72	0.0	1411.22	13/3/87	1111.16	2/1/87	1411.22	13/3/87	1111.16	2/1/87
42	Chemicals (21)	1230.46	+1.0	8.02	3.57	15.23	15.74	1218.76	1216.58	1226.50	955.30	1315.21	25/2/87	729.24	14/1/86	1315.21	25/2/87	71.20	1/12/74
43	Conglomerates (13)	1312.54	+0.7	6.67	3.33	17.73	2.80	1302.85	1291.99	1305.37	0.0	1312.54	13/3/87	1112.14	2/1/87	1312.54	13/3/87	1112.14	2/1/87
45	Shipping and Transport (11)	1984.62	+0.6	6.76	4.01	17.91	0.00	1972.86	1955.66	1967.46	1623.38	1984.62	13/3/87	1316.35	14/1/86	1984.62	13/3/87	90.80	29/6/62
47	Telephone Networks (2)	963.18	+0.6	9.71	4.00	14.04	1.09	957.91	964.14	969.89	988.13	1050.83	4/4/86	712.14	3/10/86	1050.83	4/4/86	517.92	30/11/84
48	Miscellaneous (24)	1307.51	+1.0	9.29	3.22	12.13	3.23	1294.97	1287.01	1290.97	1026.85	1344.87	18/2/87	864.26	9/1/86	1344.87	18/2/87	60.39	6/1/75
49	INDUSTRIAL GROUP (482)	1055.42	+0.6	7.01	2.99	18.06	2.84	1048.74	1044.30	1050.09	843.26	1058.10	3/3/87	691.89	14/1/86	1058.10	3/3/87	59.01	13/12/74
51	Oil & Gas (18)	1756.85	+0.9	9.66	5.13	13.09	19.18	1739.77	1722.82	1731.82	1156.29	1756.85	13/3/87	1093.63	20/2/86	1756.85	13/3/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1114.34	+0.7	7.38	3.29	17.16	4.27	1106.83	1101.38	1105.54	871.72	1114.34	13/3/87	727.53	14/1/86	1114.34	13/3/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	681.76	−0.2	—	4.26	—	5.01	683.31	680.12	678.34	596.19	694.81	18/2/87	507.50	14/1/86	694.81	18/2/87	55.88	13/12/74
62	Banks (8)	725.30	−1.3	18.24	5.27	7.53	12.84	734.85	731.75	724.03	618.36	765.82	18/2/87	517.21	5/2/86	765.82	18/2/87	62.44	12/12/74
65	Insurance (Life) (9)	969.67	+0.2	—	4.08	—	0.00	968.11	964.89	974.03	902.78	996.76	3/3/87	768.18	23/1/86	996.76	3/3/87	44.88	2/1/75
66	Insurance (Composite) (7)	544.11	−0.2	—	4.37	—	2.02	545.29	541.69	541.50	487.82	571.05	2/3/87	405.56	2/1/86	571.05	2/3/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1177.17	+0.7	8.41	4.50	15.51	13.35	1169.55	1167.04	1171.73	1256.72	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	366.84	−0.6	—	3.26	—	0.02	368.95	368.99	368.42	354.15	398.44	16/1/87	277.36	24/1/86	398.44	16/1/87	31.21	7/1/75
69	Property (47)	898.77	+0.8	5.35	3.28	24.36	0.96	891.53	885.32	885.59	731.55	898.77	13/3/87	635.84	23/1/86	898.77	13/3/87	56.01	20/4/65
70	Other Financial (26)	448.54	+0.7	7.18	3.41	17.81	1.86	445.56	443.25	439.99	339.13	448.54	13/3/87	287.55	24/1/86	448.54	13/3/87	33.29	17/12/74
71	Investment Trusts (96)	972.66	+0.3	—	2.41	—	4.06	970.07	970.27	968.52	728.32	973.53	5/3/87	633.36	14/1/86	973.53	5/3/87	71.12	13/12/74
81	Mining Finance (2)	384.20	+1.8	7.97	4.28	14.75	1.89	377.45	376.96	373.59	281.63	386.78	6/3/87	240.83	2/1/86	386.78	6/3/87	66.31	30/9/74
91	Overseas Traders (12)	893.96	+0.3	9.18	5.02	13.20	10.04	891.08	882.36	882.86	681.42	896.87	6/3/87	597.55	2/1/86	896.87	6/3/87	97.37	6/1/75
99	ALL-SHARE INDEX (727)	997.23	+0.5	—	3.42	—	4.42	991.89	987.25	989.66	791.05	997.23	13/3/87	664.42	14/1/86	997.23	13/3/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	March 12	March 11	March 10	March 9	March 6	Year ago	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ‡	2000.0	+10.3	2004.3	1995.7	1989.7	1979.4	1987.7	1973.7	1990.2	1624.4	2002.8	5/3/87	1370.1	14/1/86	2002.8	5/3/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri March 13	Day's change %	Thurs March 12	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.97	+0.24	123.68	—	1.92
2	5-15 years	142.80	+0.18	142.54	—	2.69
3	Over 15 years	150.60	+0.20	150.31	—	3.09
4	Irredeemables	167.31	+0.23	166.93	—	1.62
5	All stocks	138.96	+0.20	138.68	—	2.50
	Index-Linked					
6	5 years	119.22	+0.11	119.08	—	0.83
7	Over 5 years	120.59	+0.20	120.35	—	0.88
8	All stocks	120.37	+0.19	120.14	—	0.86
9	Debentures & Loans	124.11	−0.29	124.46	—	1.57
10	Preference	85.35	−0.28	85.59	—	0.68

	AVERAGE GROSS REDEMPTION YIELDS		Fri March 13	Thurs March 12	Year ago (approx.)	1986/87 Highs		1986/87 Lows	
	British Government								
1	Low	5 years	8.21	8.26	8.94	10.26	20/1/86	7.37	18/4/86
2	Coupons	15 years	9.08	9.10	9.12	10.87	20/11/86	8.32	18/4/86
3		25 years	9.09	9.11	9.12	10.88	20/11/86	8.33	18/4/86
4	Medium	5 years	9.25	9.28	10.07	11.09	14/1/86	8.58	18/4/86
5	Coupons	15 years	9.25	9.28	9.59	11.23	20/11/86	8.58	18/4/86
6		25 years	9.25	9.28	9.59	10.79	20/11/86	8.58	18/4/86
7	High	5 years	9.27	9.33	10.06	12.07	20/1/86	8.73	18/4/86
8	Coupons	15 years	9.42	9.42	9.77	11.41	20/11/86	8.73	18/4/86
9		25 years	9.23	9.24	9.56	10.86	20/11/86	8.73	18/4/86
10	Irredeemables †		8.99	9.01	9.07	10.51	20/11/86	8.38	18/4/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs.	2.57	2.60	4.48	5.18	14/1/86	2.53	5/3/87
12	Inflat'n rate 5%	Over 5 yrs.	3.41	3.42	3.78	4.01	20/1/86	3.26	13/5/86
13	Inflat'n rate 10%	5 yrs.	0.98	1.00	3.48	4.23	14/1/86	0.89	5/3/87
14	Inflat'n rate 10%	Over 5 yrs.	3.26	3.26	3.63	3.85	14/1/86	3.09	19/5/86
15	Debs &	5 years	9.90	9.95	10.71	12.78	27/1/86	9.72	8/7/86
16	Loans	15 years	10.17	10.13	10.55	11.93	4/2/86	9.79	22/4/86
17		25 years	10.19	10.14	10.38	11.91	20/11/86	9.69	17/4/86
18	Preference †		11.02	10.99	11.74	12.18	24/2/86	10.30	9/6/86

‡ Opening index 1997.4; 10 am 1997.5; 11 am 1999.7; Noon 2002.9; 1 pm 2001.0; 2 pm 2003.0; 3 pm 2003.2; 3.30 pm 2002.9; 4 pm 1996.4.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Smaller Companies International Trust (71) has been inserted. Investing in Success Equities (71) has been deleted. NAME CHANGE: Imry Property Holdings has changed its name to Imry International (69).

هكذا من الأجيال

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

BANK RETURN

BANKING DEPARTMENT	Wednesday March 11, 1987	Increase (+) or decrease (—) for week
	£	£
LIABILITIES		
Capital	14,553,000	—
Public Deposits	326,095,719	— 1,109,804,787
Bankers Deposits	944,906,658	+ 150,368,499
Reserve and other Accounts	1,416,469,268	— 72,567,223
	2,702,024,645	— 1,032,003,511
ASSETS		
Government Securities	437,307,756	— 87,200,000
Advance and other Accounts	1,553,923,237	+ 698,571,369
Premises Equipment & other Secs	701,549,941	— 1,645,489,647
Notes	9,015,711	+ 2,183,685
Coin	228,000	— 14,918
	2,702,024,645	— 1,032,003,511

ISSUE DEPARTMENT	£	£
LIABILITIES		
Notes in Circulation	12,550,984,289	— 2,183,685
Notes in Banking Department	9,015,711	+ 2,183,685
	12,506,000,000	—
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	1,962,812,684	+ 211,430,092
Other Securities	10,586,172,216	— 211,430,092
	12,560,000,000	—

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 51,263

A=Ask B=Bid C=Call P=Put

AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation				
Equity	379.5	400.5	-0.8	—
High Income	329.2	348.4	+0.3	—
Property	217.6	230.3	....	—
Managed 2	96.3	101.9	+0.1	—
Managed	268.2	283.8	-0.3	—
Managed 4	98.7	104.4	+0.1	—
Deposit	178.3	198.7	....	—
Gilt	190.7	201.8	-0.5	—
American	271.8	284.6	-0.4	—
International Money	194.2	205.5	+0.6	—
Far East	208.7	220.8	-1.0	—
Global	106.1	112.3	+0.7	—
European	106.3	112.5	+0.5	—
Japan	111.1	117.6	....	—
Heritage Property	98.5	104.2	....	—
2nd Series Pension Accumulation				
Equity	608.9	644.3	-0.1	—
High Income	394.6	417.8	+0.3	—
Property	306.7	324.6	....	—
Managed 2	96.2	101.9	....	—
Managed	390.4	413.1	-0.2	—
Managed 4	99.2	105.0	+0.2	—
Deposit	266.4	281.9	....	—
Gilt	272.1	287.9	-0.8	—
American	431.9	457.8	-0.1	—
International Money	279.1	295.3	+1.0	—
Far East	230.7	244.1	-1.0	—
Global	109.2	115.6	+0.8	—
European	109.5	115.9	+0.7	—
Japan	115.7	122.4	....	—
Heritage Property	100.0	105.8	....	—
Other Funds				
Equity Units		81.59	-0.18	—
Property Units		22.99	....	—
Balanced Bond/Exec	37.80	40.00	-0.05	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	122.0	129.0	....	—
Risk & Reward Bond	162.0	171.0	....	—
Murray Johnstone Fd	137.0	145.0	....	—
Money Market Fd	111.0	117.0	....	—
Investment Strategy Fd	101.0	107.0	....	—
Ivory & Sime Pens Fd	125.0	132.0	....	—
Risk & Reward Pens Fd	144.0	152.0	....	—
Murray J'stone Pens Fd	134.0	142.0	....	—
Money Market Pens Fd	111.0	117.0	....	—
Inv Strategy Pens Fnd	102.0	108.0	....	—

City of Westminster Assurance
Senry House, 500 Avebury Boulevard, Saxon Gate West, Cent Milton Keynes MK9 2LA

Current Series				
Property Fund	120.8	127.2	....	—
Money Fund	231.4	243.6	+0.1	—
Managed Fund	461.6	485.9	+3.1	—
Equity Fund	310.5	326.9	+3.3	—
Fixed Interest Fund	157.9	166.3	+1.5	—
Far East Fund	235.8	248.3	+0.8	—
North American Fund	190.2	200.3	+0.9	—
Natural Resources Fund	167.9	176.8	+1.1	—
Pension Managed Fund	440.0	463.2	+5.0	—
Pension Equity Fund	301.3	317.2	+5.5	—
Adventurous Mngd Fd	164.4	173.1	+2.3	—
Balanced Mngd Fd	156.3	164.6	+1.4	—
Conservative Mngd Fd	155.0	163.2	+2.8	—
European Fund	124.4	131.0	+0.6	—
International Fund	148.0	155.8	+2.3	—
S.U.N. Flagship Fd	154.3	162.5	+0.9	—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds				
Mixed	155.6	163.8	+1.1	—
Equity	187.3	197.2	....	—
Property	114.1	120.2	....	—
Gilt & Fixed Interest	120.7	127.1	....	—
Indexed Securities	104.1	109.6	....	—
Cash	110.2	116.1	....	—
North American	122.4	128.9	....	—
Far East	144.4	152.0	....	—
International	138.4	145.7	+0.9	—
Special Situations	174.7	183.9	+2.0	—
International Income	164.9	173.6	+1.3	—
American Income	125.2	131.8	+0.6	—
European	155.9	164.2	+0.6	—
Flexible Retirement Plan				
Mixed	158.6	167.0	+1.2	—
Equity	175.1	184.4	+1.7	—
Property	117.9	124.2	....	—
Gilt & Fixed Interest	130.4	137.3	+0.3	—
Indexed Linked	110.0	115.8	....	—
Cash	119.8	126.2	....	—
North American	133.5	140.6	+0.8	—
Far East	171.3	180.4	+2.7	—
International	153.1	161.2	+1.3	—
Special Situations	207.8	218.8	+2.7	—
European	181.1	190.7	+1.0	—
Executive Investment Pension Plan				
Prices on March 11. Next dealings on Wednesday.				
Cash Fd	146.1	153.8	....	—
Mixed Fd	225.7	237.6	....	—
Fixed Int. Fd	161.6	170.2	....	—
UK Equity Fd	279.8	294.6	....	—
Property Fd	137.4	144.7	....	—
Overseas Fd	215.8	227.2	....	—
Index Linked Fd	116.3	122.5	....	—

Devonshire Life—Contd.

Money	101.1	106.5	....	—
Pen Managed	144.7	152.4	+1.5	—
Pen World Growth	105.6	111.2	+1.4	—
Pen UK Equity	163.1	171.8	+2.3	—
Pen UK Small Cos	149.6	157.5	+2.2	—
Pen European	97.9	103.1	+1	—
Pen Far Eastern	228.4	240.6	+9.5	—
Pen Nth American	98.3	103.6	+0.4	—
Pen Fixed Interest	118.9	125.2	-0.3	—
Pen Index Lnkd Stks	109.4	115.3	+0.1	—
Pen Money	106.4	112.1	....	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521 311

Secure Fund	105.2	110.8	+0.1	—
Blue Chip Fund	143.6	151.2	+0.9	—
Performance Fund	168.1	177.0	+1.0	—
Adventurous Fund	161.5	170.1	+1.6	—
Pensions Secure	96.9	102.0	+0.1	—
Pensions Blue Chip	111.4	117.3	+0.5	—
Pensions Performance	109.1	114.9	+0.8	—
Pensions Adventurous	108.7	114.5	+1.5	—
Pensions With Profits	102.3	107.7	+0.4	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	190.5	197.5	+0.8	3.73

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	184.2	193.9	+0.1	—
Fd of Inv Tsts	158.5	166.8	+0.2	—
Gilt & Fixed Int	121.1	127.5	-0.4	—
High Income	176.9	186.2	+1.5	—
Intnl Growth	115.1	121.2	+0.5	—
Managed	143.0	150.5	+0.7	—
Money	110.0	115.8	....	—
North American	129.6	136.4	+1.8	—
Pelican	166.7	175.5	+1.3	—
Property	109.0	114.7	....	—
Special Sits	175.9	185.2	+1.3	—
School Fee Managed	158.6	166.9	+1.1	—
Pension Funds				
Far Eastern	211.9	223.1	+0.1	—
Fd of Inv. Tsts	177.1	186.4	+0.2	—
Gilt & Fixed Int	127.3	134.0	-0.4	—
High Income	205.8	216.6	+2.2	—
International Growth	119.9	126.2	+0.8	—
Managed	157.5	165.8	....	—
Money	120.3	126.6	....	—
North American	137.0	144.2	+2.5	—
Pelican	189.4	199.4	+1.8	—
Property	109.3	115.0	....	—
Special Sit.	202.1	212.7	+1.8	—

Equity & Law
Amersham Road, High Wycombe 0494 33377

UK Equities Fund	507.2	533.8	+4.8	—
Higher Inc. Fund	491.7	517.5	+3.7	—
Property Fund	267.0	281.0	....	—
Fixed Interest Fund	247.8	260.8	-0.7	—
Index Lnkd Secs Fund	111.0	116.8	....	—
Gtd. Deposit Fund	180.1	189.5	....	—
Nth. America Fund	265.9	279.8	+1.0	—
Far East Fund	298.7	314.4	+1.4	—
Europe Fund	222.9	234.6	+1.4	—
International Fund	310.5	326.8	+1.6	—
Mixed Fund	375.0	394.7	+0.4	—
Ind. Pen. Equity (z)	632.7	665.0	+1.1	—
Ind. Pen. High Inc.(z)	145.0	152.6	+.4	—
Ind. Pen. Fxd Int. (z)	281.5	296.3	-0.1	—
Ind. Pen. Idx/L.Scs.(z)	133.7	140.7	-0.1	—
Ind. Pen. Property (z)	219.0	230.5	....	—
Ind Pen N America (z)	115.2	121.2	....	—
Ind Pen Far East (z)	162.8	171.3	+2.3	—
Ind Pen European (z)	122.1	128.5	+1	—
Ind. Pen. Overseas (z)	534.0	562.1	+3.9	—
Ind. Pen. Balanced (z)	405.2	426.5	+1.2	—
Ind. Pen. Cash (z)	216.8	228.2	....	—
Ind Pen DAF Ser 2(z)	121.3	127.6	....	—
Ind Pen DAF Ser 1(z)	232.3	244.5	....	—

FS Assurance Limited
190 West George St, Glasgow G2 2PA. 041-332 6462

Pens Balncd Gth Fd Cp	30.9	32.8	....	—
Pens Balncd Gth Fd Ac	31.5	33.4	....	—
Cash Deposit Cap	23.8	25.3	....	—
Cash Deposit Accum	24.3	25.8	....	—

Family Assurance Society
19 New Rd, Brighton BN1 1WS 0273 724570

Family A. Managed	406.5	414.8	....	—
Family B. Managed	245.9	250.9	....	—
Family C. Brit.	221.0	225.5	....	—
Family D. Fixed Int.	196.1	200.1	....	—
Family Capital Mngd.	231.2	236.0	....	—
Family Brit. II	132.3	135.0	....	—
Family Growth Series 1	122.8	125.4	....	—
Family Growth Series 2	65.3	68.7	....	—
Fmly Concentrated Gth.	62.1	65.3	....	—

Federation Mutual Insurance Ltd
Suffolk Hse, College Rd, Croydon 01-686 5685

Pens. Inv. Tst. Init.	1.509	1.585	....	—
Pens. Inv. Tst. Acc.	1.720	1.807	....	—

[illegible]

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INSURANCE, OVERSEAS & MONEY FUNDS

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 394000

Managed	441.1	464.4	+2.9	–
Property	265.5	279.5	....	–
Fixed Int.	165.8	174.5	....	–
UK Equity	562.9	592.6	+2.8	–
Int. Equity	345.0	363.2	+1.8	–
Deposit	158.9	167.3	....	–
Managed Property	256.0	269.5	+0.5	–
American Eagle	117.4	123.6	+0.6	–
Technology	111.7	117.6	–0.5	–
Worldwide Income	181.2	190.8	+2.1	–
Pacific	181.6	191.2	–0.8	–
Australian	93.2	98.2	–1.7	–
Japan	303.1	319.1	+3.9	–
Commodity	120.3	126.7	+0.9	–
Gold	157.7	166.1	+1.3	–
Financial	213.8	225.1	+0.1	–
Income	259.8	273.5	+3.9	–
Special Situations	245.2	258.2	+0.5	–
Preference	144.8	152.5	....	–
Managed Currency	94.2	99.2	....	–
European Spec. Sits.	190.0	200.0	+1.5	–
Sterling	110.3			–
Residential Property	99.6	104.9	+0.1	–
Pension Funds				
Managed Pension	1354.8	1426.2	+12.4	–
Gilt Pens.	372.1	391.7	+0.3	–
Property Pens.	740.4	779.4	+6.5	–
Equity Pens.	699.2	736.1	+6.5	–
Index-L. Pens.	129.8	136.7	+0.3	–
Guar. Pen.	263.5	277.2	+0.1	–
Leicester Retirement	172.1	181.2		–

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	191.7	201.8	....	–
Gilt & Fixed Int Fd.	142.5	150.0	....	–
Cash Fund	124.7	131.3	....	–

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	$17.65	18.53	....	–

The Parchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090
Parchester Managed Funds

Albany (z)	120.9	127.2		–
Cornhill (z)	106.5	112.2	–0.4	–
Irish Life (z)	119.2	125.5		–
Royal Heritage (z)	106.2	111.8	–0.6	–
Schroder (z)	102.3	107.6	–0.1	–
Skandia (z)	121.7	128.1	–0.4	–
Target (z)	124.8	131.4	+0.4	–
Trident (z)	119.2	125.6	–0.2	–
Parchester Managed Pension Funds				
Albany (z)	133.4	140.4	+0.1	–
Schroder (z)	100.2	105.4		–
Skandia (z)	129.3	136.1	–0.4	–
Target (z)	117.7	123.9	+0.1	–

Managed by Parchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med.	129.2	136.0	+0.4	–
Pens Man-Schroder	515.5	542.6	+0.6	–

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical (z)	106.5	112.2		–
Guardian Royal Exch.	100.5	105.8	–0.5	–
M&G Ass (Life)	117.6	123.6		–
M & G Ass (Pens)	136.0	142.9		–
Norwich Union Asst Mgt.	55.1	58.1	+0.3	–
Royal Life (Unit.Link Ass)	108.5	114.2		–
Scot Equitable (Life)	151.0	158.9		–
Scott Equitable (Pens)	104.0	109.5		–
Scot. Mutual (Life)	157.2	165.5	+0.4	–
Scot. Mutual (Pens)	143.0	150.6	+0.3	–
Vanbrugh Life Ass.	120.1	126.5		–

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Mngd Bond	196.8	207.2		–
Target Mngd Pension	128.3	135.1		–
Albany Mngd Bond	162.8	171.3	+0.3	–
Albany Mngd Pension	205.5	216.3	+0.5	–

Yorkshire & Lancashire Investment Mgt.

OFFSHORE AND OVERSEAS

Credit Suisse
23 Avenue Monterey Luxembourg

CS Money Mkt Fd US$	$1197.79	1197.79	+0.18	–
CS Money Mkt Fd DM	DM1117.61	1117.62	+0.11	–
CS Money Mkt Fd£	£1187.43	1187.44	+0.31	–
CS Money Mkt Fd Yen	Y106,106	106,107	+10	–
CS Short-Tm Bd $ A/B				–
CS Short-Tm Bd DM A/B				–

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt

Investa	DM59.60	62.60	–0.45	–

Daehan Investment Trust Co Ltd
44-5, Yoido-dong, Youngdeungpo-ku, Seoul, Korea
Korea Trust NAV Mar 7. Won 30,645 (US$35.86)
Seoul Trust NAV Mar 9 Won 17,992 (US$20.59)

Dantrust Management (Guernsey) Ltd
PO Box 93, St Peter Port, Guernsey 0481 711818

Dantrust Limited	DKr85.9	86.6	....	

Dean Witter World Wide Investment Trust SA
14 Rue Aldringen, Luxembourg

NAV	$20.11		–0.22	–

Delta Group
PO Box 3012, Nassau, Bahamas

Delta Inv Mar 12	$7.48	7.85	+0.13	–
Delta Stlg March 12	£5.6745	5.8550		

London Agents: Kleinwort Benson Tel: 01-623 8000

Deutscher Investment-Trust
Mainzer Landstrasse 11-13, 6000 Frankfurt

Concentra	DM33.22	34.05	–0.20	–
Int. Rentenfonds	DM79.92	75.77	–0.56	–

Drexel Burnham Lambert

Gartmore Fund (London Agents)
Capital Strategy Portfolio Limited

Assicurazioni GENERALI SpA
PO Box 132, St Peter Port, Guernsey, CI

Sterling Managed Fd.	£200.54	211.09	....	–
Dollar Managed Fd	$194.21	204.43	....	–

Gertrust SA
22 rue de la Cite, 1211 Geneva, Switzerland

Samurai Portfolio	SFr189.20	206.35	–0.90	–

Global Asset Management Corpn.
PO Box 119, St Peter Port, Guernsey 0481-28715

FutureGAM	$131.42	–0.43	–
GAMerica	$208.37	–3.56	–
GAM Arbitrage	$199.81	+0.78	–
GAM Australia	$202.47	+7.74	–
GAM Boston	$146.44	+0.82	–
GAM Boston	$210.39	+0.43	–
GAM Ermitage	$20.43	+0.18	–
GAM Ermitage Intl	$11.83	+0.09	–
GAM France	FFr1293.29	+1.97	–
GAM Franc-val SFr	SFr162.80	+1.41	–
GAM Global	$111.73	+0.59	–

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$18.90	+0.37	–

Inv. Adv.: M. & G. Inv. Mngt., Ltd. London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765

Japan Meta Growth	11.41	+0.01	–

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$19.54	–0.07	–
Dynamic Gwth Fd	$22.26	–0.20	–

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.47	13.19	....	–

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	10.71	8.01	11.77	3-mth
CAFCASH 7-day Fund	10.58	7.91	11.61	3-mth
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.85	11.30car		3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.81	8.08	11.67	6mth
7-day Fund	11.01	8.23	11.89	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.86	8.12	11.66	6-Mth
7-day Fund	10.77	8.05	11.56	6-Mth
Dollar	4.87	3.64	5.21	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Car Acc	9.75	7.25	10.49	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
Mthly Int Chq £3000-£5000	10.00	7.48	10.90	Mth
Mth. Int. Chq. £5,000+	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	11.25	8.41	12.31	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.60	7.17	10.45	Mth
Barclays Prime Account PO Box 125. Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd 9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	9.75	7.28	10.61	Mth
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	10.50	7.85	11.38	Qtr.
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	10.375	7.76	11.32	Mth
U.S. Dollar	5.625	4.20	6.04	Mth
German Marks	3.51	2.62	3.73	Mth
Swiss francs	2.50	1.87	2.66	Mth
Japanese Yen	3.50	2.62	3.73	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-581 1422				
Money Market Plus	Top rate	7.65	11.17	Mth

For other rates please 'phone our Rateline 01-581 0629

TRADITIONAL OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100¼	93⅝	Funding 6½pc 85-87	99 31/32	−1/32	6.52	9.00
101⅛	96 11/16	Treas. 10pc 1987	100	−1/32	10.00	9.68
98 23/32	90⅞	Treas 3pc 1987	98 13/16	+1/32	3.04	7.28
104½	99⅜	Treas. 12pc 1987	101 15/32	+1/16	11.82	9.42
99¼	92 15/16	Treas 7¾pc 1985-88‡‡	98 25/32	+1/8	7.84	9.15
104	96¾	Exch 10½pc '88	101 7/32	+1/16	10.37	9.32
102⅝	95⅛	Treas 9¾pc Cv '88	100 11/16	+1/8	9.69	9.20
95 13/16	86⅝	Transport 3pc '78-88	95⅛	+1/16	3.15	6.84
102½	93 13/16	Treas. 9½pc '88	100 7/32	+1/8	9.48	9.32
107 7/16	98 3/16	Treas 11½pc 1989	103 27/32	+1/16	11.07	9.25
103½	93⅛	Treas 9½pc Cnv 1989	100 15/32xd	+1/8	9.45	9.23
92 23/32	82 7/16	Treas 3pc 1989	92 21/32	+⅛	3.24	6.79
105 7/16	95 1/16	Treas 10½pc 1989	102 15/32	+1/32	10.25	9.24
104⅜	94⅛	Exch 10pc 1989	101½	+1/8	9.85	9.26
107 7/16	97	Exch 11pc 1989	103 15/32xd	+1/16	10.59	9.22
93¼	84½	Treas 5pc 1986-89	93¼xd	+⅛	5.34	7.75
110 7/16	94⅝	Exch 10¼pc Cv '89	105 3/16	−1/16	9.76	8.10
114 3/16	103 3/16	Treas 13pc 1990‡‡	109 7/16	+1/16	11.88	9.13
108¼	97⅛	Exch 11pc 1990‡‡	104½	+⅛	10.53	9.19
113¼	101 13/16	Exch. 12½pc 1990	108 3/16xd	+1/16	11.52	9.20
89⅞	79⅝	Treas. 3pc 1990	88 13/16	+1/16	3.38	7.06
100 7/16	89⅛	Treas 8¼pc 1987-90‡‡	98 3/16	+1/16	8.39	8.85
106 1/16	93	Treas. 10pc Cv 1990	102 3/32	+1/16	9.78	9.24
86⅞	76½	Exch 2½pc 1990	86⅜	+1/16	2.90	6.79
112 3/16	99 7/16	Treas 11¾pc 1991	108⅛	+1/16	10.88	9.20
94¼	83 3/16	Funding 5¾pc '87-91‡‡	91 13/16xd	+⅛	6.27	8.17
86⅛	79 3/16	Treas. 3pc 1991	85⅝	+⅛	3.51	7.08
106 1/16	95 1/16	Treas 10pc Cv '91	105⅝	+⅛	9.45	8.35
110⅝	96 3/16	Exch. 11pc 1991	106½	+1/16	10.34	9.26
118¾	103⅝	Treas 12¾pc 1992‡‡	113 11/16	+1/16	11.22	9.19
107⅜	92 5/16	Treas 10pc 1992	103 15/16	+1/16	9.64	9.03
		Five to Fifteen Years				
109¾	94 3/16	Treas 10½pc Cv 1992‡‡	105 3/16	+⅛	9.95	9.13
117¼	101 7/16	Exch. 12¼pc '92	112 15/16	+1/16	10.87	9.23
123¾	106⅞	Exch 13½pc 1992	117⅝xd	+1/16	11.46	9.29

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
130	81	Monks & Crane 10p	128	+4				
339	210	Morgan Crucible	326	+11	L2.7	2.9	3.0	15.6
24	15½	Morris (W) F.A. 20p	21	–½	†8.5	1.5	3.7	21.7
201	65	Myson Grp 10p	201	+4	—	—	—	—
365	213	NMW Computers	315	+5	†2.63	2.6	1.8	25.9
225	27	Nash Inds.	192	–1	†6.0	2.0	2.7	18.1
*27½	12½	Neil & Spencer 10p	18		1.5	2.6	1.1	48.7
48	28	Newman Inds 10p	47	+1	—			—
134	65	Noble & Lund 10p	84		†0.8	1.5	2.4	(35.9)
171	151	Nobo Group 10p	171	+2	0.7	4.3	1.2	27.7
65	39	Nolton	52		R4.75	2.8	3.9	13.0
169	96	Norank Systems 5p	168		1.2	2.9	3.3	14.9
382	187	Norcros	382	–1	m1.5	—	1.3	21.5
307	49	Nu-Swift 5p	307	+3	†9.3	2.3	3.4	17.5
£356½	£228	OCE 9pc Cnv 1987-92	£247½	+3	†3.5	2.1	1.6	41.3
195	80	Oakwood Grp	195		Q9%	—	£3.7	—
250	173	Office & Elect	201	+54	4.0	0.6	2.9	75.0
53	26	Omnitech 1p	53		8.5	2.9	6.0	8.2
36	18	Optometrics $0.01	20		—	—	—	—
925	500	Oriflame £1	925	–1	—	—	—	—
10	5	Ovenstone 12½c	7½	+5	29.5	·	4.6	·
153	85	PCT Grp 10p	150	–½	gQ3.23c	1.9	13.4	3.9
£222¼	£13¾	PLM 'B' Sk 25	£19⅞		Q3.2	—	4.4	—
255	160	Pacer Systems $0.01	202		Q24%	·	3.1	·
242	97	Pacific Dunlop $0.5	206		Q5c	·	1.6	·
78	44	Pacific Sales 10p	78	–7	hQ11.36c	2.1	2.3	20.9
595	246	Parker Knoll 'A'	592		3.0	1.4	6.0	16.7
260	83	Parkfield Group 2p	246	+12	†12.0	3.2	2.9	15.4
53	17	Pavion Intl	29	–2	†3.6	4.2	2.1	15.7
£130	£64½	Do 11pc CvLn '94-02	£92½	+1	—	—	—	7.7
617	393	Pearson	589	–3	Q11%	—	11.9	—
75	12	Peek Holdings 3p	75	+19	†10.0	2.8	2.4	19.2
203	88	Peerless	202	+1	—	—	—	—
660	141½	Pentland 10p	650	+2	†16.3	2.0	4.4	(13.3)
£14	775	Photo-Me	£12⅝	–5	†10.75	22.4	0.2	36.8
792	315	Pilkington Br. £1	748		†5.75	11.7	0.6	16.5
378	68	Do. Warrants	348	–2	F22.0	2.3	4.1	(11.9)
£567½	£293	Pitney-Bowes Cnv. Ln.	£567½	–2	—	—	—	—
96	52	Plastic Const. 10p	66		Q5½%	—	1.0	—
*12	5½	Platignum 5p	11	+1	†2.8	1.3	6.0	17.3
200	115	Platon Int.	190		B—	—	—	19.0
146	98	Plumb Hldgs. 5p	146	+4	3.08	4.1	2.3	11.5
46½	9½	Polymark 10p	39		Rd3.0	2.3	2.9	21.3
171	49	Do. CmPfA £1	150		B—	—	—	—
365	195	Portals	298	+2	10%	—	9.4	—
363	238	Powell Duffryn 50p	344	+2	†h7.33	3.4	3.6	11.5
260	124	Radiant Metal	260		†15.2	0.9	6.2	24.8
40	12	Ramco Oil 10p	29		2.5	3.2	1.4	29.4
687	420	Rank Org.	679		0.7	—	3.4	—
315	220	Rauma-Repola Oy	285	+21	18.0	2.0	3.7	15.6
£104½	607	Reckitt & Colman	[illegible]		Q10%	·	12.9	·

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
232	180	Abelscot Group 10p	230	......	3.2	—	2.0	—
50	10	Aberdeen Am Pet 10p	34	+1	—	—	—	—
120	112	Allied Ins. Brokers	112	......	L3.5	2.5	4.4	13.0
54	36	Catalyst Comm. 5p	47	+2	—	—	—	—
68	24	Corton Beach 10p	65	......	—	—	—	32.3
63	10	Eglinton Oil Ir.5p	40	–4	—	—	—	—
41	8	Do. Warrants	23	–4	—	—	—	—
25	17	Publishing Hldgs.5p	25	+2	—	—	—	14.5
55	46	Theme Holdings	52	+4	—	—	—	26.4
133	118	Unit Group	119	......	R4.6	2.5	5.4	(8.5)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

• "Tap Stock"

FINANCIAL TIMES

Saturday March 14 1987

Thatcher confirms plan to appeal over Wright case

By Michael Cassell, Political Correspondent

THE Prime Minister yesterday confirmed that the Government intends to appeal against the New South Wales Supreme Court decision to permit publication of the memoirs of Mr Peter Wright, the former MI5 officer.

Mrs Thatcher restated the Government's determination to insist on the principal of life-long confidentiality for members of the security services and tried to play down the scale of the embarrassing court defeat.

Speaking during a visit to north Wales she said: "It is not a diabolical mess as some people describe it. There was a principal to uphold which was fundamental to our security service. You need a good security system. We are expecting to appeal against the judgment."

The determination to pursue an appeal, which will first go to the New South Wales Court of Appeals and could go on to the Australian Supreme Court in Canberra, comes despite misgivings among some Tory MPs about the advisability of prolonging the case.

They are unhappy at the mounting cost to taxpayers, already estimated at about £500,000, and at the potential for further self-inflicted wounds during a series of prolonged court hearings.

The Government, which has 28 days to lodge an appeal, came under pressure yesterday from Labour MPs to make an early statement about its intentions.

Mr Alan Williams, Shadow Deputy Leader of the House, said: "This decision actually declares the Government guilty of past failure to preserve the very secrets it is now suggested are essential for national security."

Labour intends to step up its attack on the Government's handling of the affair, concentrating on the failure to take earlier action against Mr Wright and on alleged inconsistencies in the treatment of former security service personnel.

The Opposition is calling for a statement on Monday, before any formal Government decision to appeal is announced. Sir Michael Havers, the Attorney-General, who has just returned to work after a recent bout of ill-health, is due to face his regular Commons question-time on Monday.

It is not clear if Sir Michael will, by then, be in a position to make an announcement, although a statement is expected next week.

In another twist to the continuing controversy surrounding the British intelligence services, Mrs. Thatcher yesterday rejected allegations that the late Mr Graham Mitchell, the deputy director general of MI5 between 1957 and 1963, was a Russian agent.

The allegation is contained in a book by Mr Nigel West, the pen-name of Mr Rupert Allason, Tory candidate for Torbay. Mrs Thatcher said in a written Commons reply that Mr Mitchell had been "thoroughly and objectively" investigaed and he had been cleared.

The Prime Minister said she deplored the publication of such allegations against people who could not defend themselves.

Background, Page 4

Liverpool crisis meeting planned

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

MR NICHOLAS RIDLEY, Environment Secretary, and Dr Rhodes Boyson, Local Government Minister, are to meet a delegation from Liverpool next week to discuss the city's financial crisis.

The meeting was agreed in principle yesterday as the Liberal-SDP Alliance took over running the problem-bit city after the disqualification from office of most of the city council's ruling Labour group.

It will probably take place after Wednesday's adjournment debate in the Commons on Liverpool. The city's deputation is likely to include the Rt Rev David Sheppard, Bishop of Liverpool, and Archbishop Mgr Derek Worlock, his Roman Catholic counterpart, as well as business, community, and political leaders.

On Thursday the Prime Minister rejected suggestions that she should meet a delegation from Liverpool.

The Alliance immediately told chief officers to reassert their authority over council employees — largely undermined during the past four years by Militant and hard-left shop stewards.

All stickers and advertising of a political nature have been ordered to be removed from council property. Officers have been told that all employees must work for the council only in working hours, and not carry out political activities.

The Alliance is also taking immediate action to cut bureaucracy and make services more manageable. Under Labour, there were 15 main committees and 62 sub-committees — "a bureaucratic nonsense based on jobs for the boys," Sir Trevor Jones, the new council leader, said.

At the same time, Sir Trevor has asked all senior council officers to work through the weekend digging out the financial facts about the city's crisis. At present it is unclear whether Liverpool will need special financial help.

It may be weeks before the full financial facts are established. Labour councillors had been running the city's finances virtually in secret for several months, presenting only the barest information to council meetings. In the past few days they signed £25m of contracts to build council houses, even though there is believed to be only £5m available in the capital budget to pay for them.

In Whitehall, it has been suggested that options might include a judicial review of the council house contracts to get them quashed.

Mr David Alton, Liberal chief whip and MP for the Liverpool constituency of Mossley Hill, said yesterday one option might be one-off Government help toward clearing loans of the City of £30m each from a Swiss and a Japanese bank.

These were 10-year deferred purchase schemes that balanced the books during the last two financial years and allowed Labour's council house programme to proceed on a "build now, pay later" basis

Other government funds will be available, however, simply as a result of Liverpool's abandoning the old council's refusal to contemplate joint approaches to housing, industrial development and social problems with bodies it could not control, such as co-operatives, and parts of the private and voluntary sectors. The result was that several million pounds of urban funds were withheld.

A further option would be to increase council house rents, which the Labour council had refused to do.

Sir Trevor said a 5 per cent rate rise forced through by Labour two weeks ago would still give the city a budget of at least £306m.

During the next few weeks, Liverpool will be run via an emergency committee of 15 Alliance members, four Labour and two Conservatives.

The first thing the rump council of 37 Alliance, 12 Labour and seven Conservatives has to do when it assembles on Tuesday is elect a chairman, a position traditionally filled by the Lord Mayor until Labour abolished the office four years ago.

The Liberals will nominate Sir Trevor's wife, Councillor Doreen Jones, as caretaker Lord Mayor and council chairman until a new, full council decides what to do after elections and by-elections on May 7.

Sterling falls ahead of Budget after week of violent swings

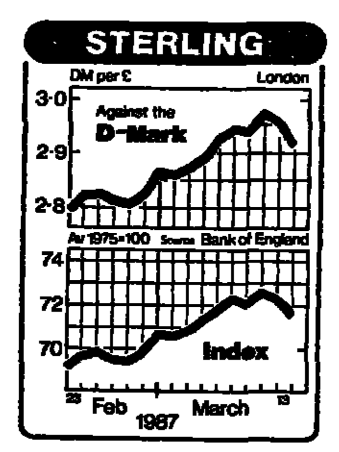
BY JANET BUSH

STERLING ended a hectic week yesterday around its lowest levels for some days as speculators took the precaution of trimming back their positions before Tuesday's Budget.

It was a week of violent swings and large flows across the foreign exchanges. Sterling was highlighted and rose sharply early in the week as investors committed substantial funds to the UK government bond market in spite of the Bank of England's move to sanction a half-point cut in base lending rates on Monday.

By the end of the week, however, there was a growing feeling that sterling had risen too far and too rapidly and the inter-bank market took its profits.

It was a measure of the vulnerability of sterling at the week's highs that the profit-taking was triggered by unfounded rumours that Mr Nigel Lawson, the Chancellor, would announce on Tuesday that Britain was taking sterling into the European Monetary System.



There have been no hints in Whitehall that the Prime Minister has shifted her opposition to considering EMS entry until after the election, and the rumours were almost instantly dismissed by traders in other financial markets.

Foreign exchange dealers reported healthy buying at sterling's lows and predicted trading would remain quiet until the contents of the Chancellor's speech were known. Some of the speculative money which poured into the pound earlier this week has now been removed, but overseas investors who bought gilt-edged stock are likely to hol don to sterling for the time being. This should underpin the currency.

In London, the pound ended yesterday at $1.575 against Thursday's closing $1.588 and dropped to DM 2.9175 after closing previously at DM 2.9550.

The Bank of England's trade weighted sterling index ended at 71.6, unchanged from its opening yesterday but well below Thursday's closing 72.3.

UK government bonds ended an extremely busy week, which saw prices rally and then plunge with equal rapidity, only about ½ point higher than last Friday's close.

British equities had a rather dull week in comparison and the FT-SE 100 index showed a mere 1.9 gain over the week. It ended yesterday 10.3 higher at exactly 2,000.

Money markets, Page 13

Top Thorn EMI man resigns on rift with senior managers

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

MR IVOR OWEN, chairman of Thorn EMI's appliances and lighting division, resigned yesterday in a move which puts a question mark over the future of the group's hard-pressed refrigeration activities.

Although Thorn would not coment on the decision, which came after a disagreement with senior management on the future of the division, Mr Owen's departure was widely seen as an indication of the depth of the problems affecting the group's domestic appliance activities. These embrace brands such as Tricity, Bendix and Parkinson Cowan.

In spite of a dominant position in the UK market for electric and gas cookers, Thorn is making only minimal profits in the division as a whole. It has made no secret of its disenchantment with the results of its refrigeration interests.

Mr Owen recently prepared a plan advocating heavy investment across a large part of the appliance division. He argued this was necessary because of increasing competition and to overcome inefficiencies resulting from inadequate capital spending over the last few years.

When this plan was rejected by senior management he decided to go. He said last night: "We were not in agreement o nthe policies of how to tacgle the complex and varied problesm which affect the business."

A further review of the division is now being conducted by Mr Colin Southgate, Thorn's managing director. A full range of options is likely to be on the table, including divestment of parts or the whole of the domestic appliance activities, or a reorganisation focusing more closely on the stronger parts of the division.

Mr Southgate's intervention follows an extensive shake-out at Thorn EMI, one of Britain's leading consumer electrical companies, in the last 18 months. In this period it has sold its film and cinema activities, divested part of its holding in Thames Television, sold various engineering companies and cut the heavy losses in its Inmos semiconductor plant.

City analysts believe it is unlikely Thorn will retreat entirely fro mthe domestic appliance business, which generates a turnover of about £200m and employs almost 5,000.

It is felt that, in the cooking appliance area in particular, Thorn has a strong base on which to build.

It has a market share of between 25 per cent in its gas range and 35 per cent in electrical products and has just brought a £10m electric cooker plant on stream near Durham. It should benefit from the market trend towards a mixture of gas and electricity power sources.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Aerospace Eng	91 + 9		Hestair	206 + 11
BICC	346 + 11		Jaguar	571 + 14
BPB Inds	685 + 12		Minet Hldgs	271 + 14
Brit Aerospace	648 + 13		New England Props	53 + 27
Brit Benzol	94 + 9		Oakwood	195 + 54
Cadbury Schweppes	243 + 6		Parker Knoll A	592 + 12
Carless Capel	96 + 4½		Pearson	589 + 19
Central TV	583 + 38		Reed Intl	433 + 19
Collins (Wm) A	510 + 65		Ultramar	220 + 15
Dawson Intl	288 + 16		Vickers	486 + 20
Dixons	396 + 14		WPP	983 + 51
Executex	168 + 20		Woolworth	833 + 28
			FALLS	
Fairline Boats	246 + 18		Midland Bank	625 − 13

WORLDWIDE WEATHER

UK today: Cloudy, very cold in S and E. Rain in N. Outlook: Dry and cold.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	12	54	Dallas†	S	6	43	Madeira	F	19	64	Perth	F	36	97
Algiers	C	15	59	Dublin	C	5	41	Madrid	C	11	52	Prague	S	−2	28
Amsdm.	S	1	34	Dbrvnk.	S	7	45	Majorca	F	14	57	Reykjvk.	F	1	34
Athens	F	6	43	Ednbgh.	C	5	41	Malaga	F	16	61	Rhodes	F	8	46
Bahrain	S	24	75	Faro	C	18	64	Malta	C	11	52	Rio J'o		—	—
Barclna.	F	13	55	Florence	S	11	52	M'chstr.	C	5	41	Rome	S	11	52
Belfast	C	5	41	Frankft.	S	3	37	Melbne.	C	15	59	Salzbrg.	F	1	34
Belgrd.	C	−1	30	Geneva	C	7	45	Mx. C.		—	—	S F'cisco†	S	12	54
Berlin	S	1	34	Gibraltar	C	15	59	Miami†	S	13	55	Seoul	F	13	55
Biarritz	S	14	57	Glasgow	F	6	43	Milan	S	6	43	Singapr.		—	—
Bmghm.	C	2	36	G'rnsey	S	6	43	Montrl.†	C	−8	18	S'tiago		—	—
Blackpl.	F	5	41	Helsinki	S	0	32	Moscow	S	1	34	Stckhm.	S	−1	30
Bombay	S	30	86	H. Kong	C	25	77	Munich	S	0	32	Strasbg.	S	3	37
Bordx.	F	12	54	Innsbrk.	S	5	41	Nairobi	F	30	86	Sydney	F	23	73
Boulgn.	C	3	37	Invrnss.	F	5	41	Naples	S	13	55	Tangier	S	18	64
Bristol	C	4	39	I.o.Man	F	5	41	Nassau		—	—	Tel Aviv	C	11	52
Brussels	F	1	34	Istanbul	S	−1	30	Nwcstl.	C	5	41	Tenerife	S	22	72
Budpst.	F	1	34	Jersey	S	7	45	N Delhi	R	20	68	Tokyo	R	9	48
Cairo	F	14	57	Jo'burg	T	18	64	N York†	Sn	1	34	T'ronto†	S	−7	19
Cardiff	F	5	41	L. Plms.	F	23	73	Nice	S	11	52	Tunis	R	11	52
Cape T.	C	23	73	Lisbon		—	—	Nicosia	F	9	48	Valencia	C	11	52
Chicg.†	Sn	0	32	Locarno	S	6	43	Oporto	C	16	61	Venice	C	5	41
Cologne	S	3	37	London	C	4	39	Oslo	S	0	32	Vienna	S	−3	27
Cpnhgn.		—	—	L. Ang.†	C	13	55	Paris	S	5	41	Warsaw	S	0	32
Corfu	S	9	48	Luxmbg.	S	1	34	Peking	S	7	45	Zurich	S	2	36

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Liberal

Continued from Page 1

tinue to put the Conservatives ahead and an election in the early summer has not been ruled out.

The Truro result provides another important boost to the Alliance's national standing. Mr David Steel, Liberal leader, said at Westminster: "This is a much greater triumph than we ever hoped for. Truro has delivered a vote of confidence in the Alliance style of politics.

"I believe it will make Mrs Thatcher more cautious about going into a general election but her responsibility now is to name the day. The current atmosphere of uncertainty and speculation is damaging for the economy and for the country."

Mr Neil Kinnock, labour leader, congratulated Mr King for increasing his party's share of the vote and Mr Gerald Kaufman, shadow Home Secretary, said the result was "a modest encouragement to the Labour party and a kick in the pants for the Government."

KNP lifts profits by 13%

KNP, the Dutch paper group, boosted profits by 13 per cent to Fl 132.6m ($63m) in 1986 from Fl 117.3m in spite of flat revenue.

Per share net income edged up to Fl 16 from Fl 15.80 due to an increase of more than 11 per cent in the number of shares outstanding, the company said.

Turnover remained unchanged at Fl 1.6bn on account of lower selling prices depressed in part by the weaker dollar. Profit margins widened on the better product mix and lower costs, especially for energy.

KNP raised its 1986 dividend by Fl 0.50 to Fl 5.50.

Citicorp may downgrade Brazil loans

By James Buchan in New York

CITICORP, THE world's largest banking group, warned yesterday that it may have to start making provisions from reported earnings against $3.9bn (£2.48bn) of loans to Brazil, which last month froze interest payments on its foreign bank debt.

The announcement from Brazil's largest bank creditor that it may downgrade most of its Brazilian debt—by putting it on a so-called "cash accrual" basis—is bound to put pressure on the other main US bank creditors to follow suit. Chase Manhattan, the second largest US creditor with $2.8bn outstanding, said it would make disclosures about its Brazilian loans next week.

However, Wall Street stock market analysts said that the Citicorp announcement, made in a routine filing with the Securities and Exchange Commission, had been on the cards since February 20 when Brazil said it would stop servicing some $67bn in medium- and long-term international bank borrowings.

Under US accounting practice, a loan must be declared non-performing and loss reserves must be provided once interest is 90 days overdue. Although Citicorp said the decision might cost it about $190m in earnings this year, or about 20 per cent of last year's $1.06bn earnings, its share price fell by only $⅜ to $51¼ in early trading yesterday. The stock has falen by some $8 since February 19.

Citicorp has $4.6bn in loans outstanding to Brazil and will be leading negotiations between bank creditors and the Brazilian authorities. The "suspension of interest payments is expected to persist through the period of negotiations. This action and future circumstances may require Citicorp to place $3.9bn of intermediate and long-term Brazilian loans on a cash basis."

Placing the loans on a cash accrual basis means that Citicorp will no longer book interest payments when they are due but will wait until they arrive. This would reduce after-tax profits by about $50m in the first quarter of this year, and by $190m for the full year. These sums include interest accrued last year but never collected. However, Citicorp said it would not take the decision until the end of the first quarter.

There was some speculation that Citicorp, which has been building loss reserves against its developing country debt, was attempting to put pressure on Brazil in the negotiations by showing its readiness to accept lower profits.

However, other Wall Street analysts pointed out that Citicorp would eventually have to classify the loans as non-performing.

Starting date for Rent Act changes

MR JOHN PATTEN, Minister for Housing, has announced that two measures to stimulate private renting, recently approved by Parliament, will come into effect on May 4.

The Rent (Relief from Phasing) Order 1987 abolishes the arrangement under which registered rent increases for regulated tenancies are phased in over two years. In future, when the rent officer agrees an increased rent the landlord will be able to charge the new rent in full immediately.

The protected Shorthold Tenancies (Rent Registration) Order 1987 ends the compulsory registration of rents on short-hold tenancies in Greater London. This brings London into line with the rest of the country.

THE LEX COLUMN

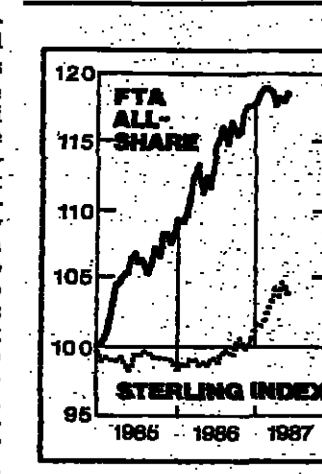
Screens go blank for Midland

Last week Midland Bank became the only clearer to announce a significant profit in its investment banking division. However, that was only achieved by lumping Big Bang activities in with the very lucrative treasury business. If Midland wanted to hide something, the deception has proved remarkably short-lived. Yesterday it wound up its equity market-making operations, after they recorded losses of at least £3m a month. It may seem harsh to close down any business so rapidly, but after its agonies with Crocker, no management at Midland was ever likely to err on the side of over-indulgence with lossmakers. And Midland has less financial elbow-room than any of the other clearers to permit the injection of new capital into the securities business.

Yet this is not a matter of a good long term plan being blighted by short term financial expediency. Midland's strategy of going for volume by executing all deals on a net, rather than agency basis, meant that it was market share driven in an oversupplied market—not a recipe for success. It now intends to perform a complete about turn, and follow the successful James Capel strategy of becoming purely an agency broker with no equity market making. It is open to doubt whether, after this shattering blow to morale, Midland will be able to retain—let alone attract—the quality of analysts required to make such a policy work. It is also deeply ironic, as only last week Midland was telling anyone who would listen that James Capel's approach ran counter to the reciprocity required in the financial markets, which demands that all participants be price givers, as well as price takers.

Not that Midland is alone in reconsidering the wisdom of such principles. This week both Robert Fleming and Barclays de Zoete Wedd quietly withdrew from market making in selected sectors. Perhaps bank finance directors are starting to ask awkward questions in the trading rooms.

Index rose 5.9 to 1583.9



Index funds

The advance of index funds must be beginning to worry active fund managers. Legal & General's new pooled passive fund, with three clients paid in so far, is large enough at £90m to make the costs of operating it minimal compared to the cost of a fund manager using lots of expensive research to achieve much the same result. Naturally an index fund cannot go liquid in a bear market, and should probably only make a part of a pension fund portfolio. But then those who remember 1974 will also recall that fund managers who sold on the way down could not get back in fast enough on the rebound.

Equities

One of the equity market's most ingrained reflexes, displayed daily over the last week, is that of marking shares down when the pound goes up and vice versa. A rising pound is bad for companies, the argument runs, because it is harder to export and profits made overseas are lower when translated back into sterling. Like most knee-jerk reactions there is not a lot of brain work in this analysis.

True, exporting against an appreciating currency is hard work, and those companies which depend heavily on sales abroad met by UK production will have a tougher time—Jaguar is an obvious loser. But, according to Phillips & Drew, only 9 per cent of industrial profits come from exports. And it takes a long time for adjustments to be made on pricing, so the odd daily move in the currency should not affect exporters, until such moves turn into a trend. As for the translation of overseas profits, which are 36 per cent of industrial profits, as long as companies are not dependent on bringing cash home to pay the dividend or debt interest, the effect is really optical. It may depress earnings per share, and hence raise multiples, but then this market has managed to convince itself that p/es do not matter so much. And in the long term the companies ought to be better off for having operations in wider markets.

What the stockmarket sometimes forgets is that a rising currency is likely to draw in investment from abroad—either from UK fund managers taking profits on international share holdings and reinvesting at home, or foreign investors coming into the market looking for currency as well as capital gains. James Capel has calculated that while the market has risen by 466 per cent since 1969, the gain translated into yen is only 62 per cent because of sterling's cronic weakness. To foreign investors a strengthening currency is a sign of an improving economy, likely to be accompanied by falling interest rates, and so a good place to put their money. If Tuesday's Budget encourages expectations of a Tory election victory, foreigns are likely to buy the pound, gilt-edged stocks and equities. And Japanese investors, who book their bargains after their financial year ends this month, will have a full year for their purchases to perform.

Trading floor

The threat by the New York Stock Exchange to bar its member firms from trading on the London Stock Exchange during New York trading hours was self-evidently absurd. So it is little wonder that, after being the recipient of a few days' sustained ridicule, New York has decided to retreat. The point, if there was one, was that by declaring that it was to close down its trading floor, London could no longer be recognised as an exchange under NYSE rules. In fact the floor had already become deserted, and the London authorities were just recognising a fait accompli.

Yet perhaps the London exchange should have performed the courtesy of informing its opposite number on the other side of the pond, so as to give it time to come up with a more measured reaction. Then, if New York had still insisted that rules are rules, London could have met the minimum requirement by cordoning off an area in the lobby of the Stock Exchange Tower and calling that the trading floor.

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WEEKEND FT

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The mystery of the economist

Antoin E. Murphy relates the intriguing life of Richard Cantillon, one of the greatest economists of the 18th century

FEW ECONOMISTS have been accused of attempted murder; even fewer—although, no doubt, many recipients of their forecasts may have wished it upon them—have been murdered. Richard Cantillon apparently achieved this double, being accused in the French courts of conspiring to assassinate a certain Christopher Balfe, and then seemingly being murdered by his French cook in his home in Albemarle Street, London, on May 14, 1734.

Despite a colourful career and a more than mysterious, if not sensational, demise, Richard Cantillon is not a name familiar to the public—unlike a Smith, a Malthus, a Ricardo or a Keynes. Yet, to historians of economic thought he is regarded as one of the three great economists of the 18th century, ranking alongside Adam Smith and the Frenchman, François Quesnay.

Cantillon, however, has a great deal more to offer to the modern reader than an honourable place in textbooks on the history of economic thought. His one known work, *The Essay on the Nature of Trade in General*, might be interpreted as a precursor to the development of modern monetarism. In it, the role of markets and the entrepreneur are examined, the influence of the money supply on economic activity is analysed, and the dangers of excessive government.

Cantillon arrived in Paris at the start of the 18th century "without any shoes"

While the *Essay* is rightly regarded as a classic, and as such is of universal relevance, its modern message can be more clearly understood by considering the specific historical context in which it was written. This context has close parallels with modern times for the work was produced shortly after those 18th century Big Bangs, the Mississippi System and the South Sea Bubble. These schemes had modern echoes in terms of sophisticated dealing in financial instruments ranging from shares, to foreign exchange, to options. Government monopoly rights were privatised, highly leveraged borrowing positions were adopted by some transactors, and "insider" trading was rampant. But, above all, these schemes must be understood as major macroeconomic experiments.

The Mississippi System in France, which served as the model for the 1720 South Sea boom in London, can be understood as a pre-Keynesian attempt to manipulate an economy to full employment through a monetary policy of low interest rates and a rapidly expanding money supply. Its guiding genius was a Scotsman, John Law, who at the height of his powers was made virtual prime minister of France. Cantillon's *Essay*, although it never explicitly mentions Law nor the Mississippi System, can at one level be interpreted as an intellectual riposte to Law's pre-*Keynesianism*. In order to interpret Cantillon's work at this level, it is necessary to describe in some detail his career as a banker and entrepreneur.

Cantillon was born in Ballyronan, county Kerry, sometime in the 1680s. When he arrived in Paris at the start of the 18th century "without any shoes," Cantillon the economist was able to link up with his relatives' banking network. He took out French citizenship in 1708 but then, paradoxically, went to help the English forces fighting the French in Spain during the War of the Spanish Succession (although, by the time of his arrival there in 1711, hostilities had effectively ended). Cantillon acted as a type of accountant, working on behalf of James Brydges, the Paymaster General to the Forces Abroad.

Brydges, who later became Lord Carnarvon, and still later the Duke of Chandos, was perhaps the greatest war profiteer of the 18th century, raking in a fortune estimated at between £600,000 and £700,000 during his eight years as Paymaster-General. As an accountant and deputy paymaster in the field for the London-based Brydges, Cantillon acquired a great deal of knowledge on the official and "extra curricular" monetary transactions of the Paymaster-General.

Offered a position in London by Brydges, Cantillon opted instead to return to Paris in 1714 in order to take over his Chevalier cousin's banking business. France had been virtually bankrupted by Louis XIV's bellicosity and profligacy, so that surviving as a banker in Paris at this time required considerable ingenuity and skill. Within a year of his return, Cantillon was able to discount a bill of exchange amounting to £20,000 for Bolingbroke, then in hasty exile in Paris from the Whig administration.

On the death of Louis XIV in 1715, Philip, Duke of Orleans, assumed the sovereign's power as Regent during the minority of the future Louis XV. Faced with an extremely difficult financial situation, the duke was attracted to some of the financial proposals which Law had been presenting to various French ministers of finance from as early as 1702.

Following the model of the South Sea Company, which had been founded in 1711, Law established a company which acquired trading and mineral rights to the French territory of Louisiana — a land mass equivalent to half of the US today (excluding Alaska). Transactors were able to purchase shares in this company, which later came to be known as the Mississippi Company, by subscribing 75 per cent of the issue price in short-term government securities and 25 per cent in specie.

As such, the company's objectives were twofold: first, to develop the trading potential of French Louisiana and, second, to fund into lower interest-bearing debt part of the French government's floating debt.

A print depicting the follies of 1720: the South Sea Company started a bull market riddled with insider trading

In 1718, Cantillon was introduced to Law. By November of that year, he had established a company (along with Law and Joseph Gage) to send a team of people to colonise a tract of land in Louisiana. Cantillon's brother, Bernard, successfully led this team from La Rochelle to Louisiana in 1719. By August 1719, the shares of the Mississippi Company had risen from an effective low of around 150 livres on issue in 1717 to more than 2,000.

But Cantillon felt the Mississippi System was overheating, cashed in some of his shares, and left for Italy having made a profit of £50,000.

Cantillon's belief in the imminent collapse of the system proved wrong. Between August 1719 and February 1720, when he returned to Paris, Mississippi continued to rise, moving up to over 10,000 livres.

Although Cantillon had in 1719 over-anticipated the collapse of Law's System, he was convinced by the spring of 1720 that this was imminent. He recognised that the French exchange rate would have to collapse. Accordingly, he took a strong foreign exchange position against the French currency, remitting the equivalent of some £250,000 sterling from Paris to London and Amsterdam.

Law learnt of the extent of Cantillon's foreign exchange operations and threatened him with incarceration in the Bastille if he did not leave France. Cantillon did, and started trading in the incipient boom of South Sea stock in both London and Amsterdam. In May of 1720, Law recognised the inconsistency in his policy objectives and attempted to defuse the excessive pressures that had built up in it. His policy failed; and from May 21 Mississippi shares, banknotes and the French exchange rate came under increasing pressure.

Faced with the collapse of the system, Law, recognising Cantillon's financial talents, attempted to inveigle him back to France by offering to make him his deputy in managing the national finances. Cantillon, by this point a multi-millionaire, refused the offer, which would have produced the interesting combination of a Scotsman and an Irishman managing the French economy! During the autumn of 1720 he remained in Amsterdam, taking a bear option position in South Sea stock.

In 1722, the French attempted to levy a retrospective tax on the "*actionnaries, millionaires et autres Mississippiens.*" Cantillon was estimated to have made 20 million livres (£630,000 at the current exchange rate) and a tax of 2.4 million livres was imposed on him. He stayed away from France until 1727 in an attempt to avoid this; however, having made his fortune, he was unable to enjoy it fully as he immediately became embroiled in a web of litigation which was to last from 1721 till his demise in 1734. Cantillon's main antagonists were Gage and Lady Mary Herbert, along with her father, the Duke of Powis, and her brother, Lord Montgomery. Gage and Lady Mary (satirised by Pope in *The Epistle to Bathurst* about their thirst for riches) were bankrupted by the collapse of the Mississippi System. Cantillon had been one of the many bankers who lent them money to buy shares. They contended that he had immediately sold the shares they lodged with his bank as collateral for the money they borrowed and so, effectively, was lending them their own money and charging them interest on it.

Having made his fortune he was unable to enjoy it fully as he became embroiled in a web of litigation

They pursued their claims in the English and French courts at both the civil and criminal level. Through their agent, a lame Dublin apothecary called Christopher Balfe, they had Cantillon arrested and temporarily imprisoned (for a matter of hours only) on two occasions in 1728 and 1729. Balfe added to the charges, contending that Cantillon attempted to bribe him initially and that, having failed, he hired some thugs to assassinate him. Cantillon denied these charges and, through his contacts in Dublin, learnt that Balfe had a wife there. As Balfe had also married in France, Cantillon arranged to have a charge of bigamy brought.

While Cantillon was involved in this intense litigation, as well as in other litigation with Law and his brother, William, he found time to write the *Essay*.

In Cartesian style, Cantillon attempted to strip the economy down into its essential components. This initially involved considering a centralised barter economy. Then, by degrees, the centralised system of control is replaced by a market system where entrepreneurs act as catalysts behind exchange and production. Cantillon showed how entrepreneurs who face uncertainty are central to market processes — unfortunately, his emphasis on the role of the entrepreneur was later obscured by Smithian references to "the invisible hand." To Cantillon, the entrepreneur was a highly visible agent co-ordinating market activity.

Building on this analysis, Cantillon became the first economist to show the circular flow of income. The objective behind this analysis was to determine the quantity of money necessary to facilitate the circular flow of income, output and spending. Cantillon recognised that money was necessary to facilitate the production and exchange of goods and services, but he also recognised that the money supply could be excessively expanded.

Having slowly assembled, stage by stage, an economic model which showed the nature of the market mechanism, and the role of money in an economy trading with other countries, Cantillon then tested this model to determine if it was capable of accepting the type of macroeconomic intervention which Law had applied to the French economy. He examined policies involving exchange control regulations, manipulations of the exchange rate, and open market operations (increasing the money supply to lower the interest rate) in order to determine if they were capable of raising economic activity. These were the very type of policies which Law had attempted to implement in France; Cantillon concluded that they could not be successful. Law was not to read Cantillon's views, for he died in Venice in 1729 and the *Essay* was not published till 1755.

Cantillon was seemingly a prolific writer on economic issues, but his other writings seem to have been burnt in the fire that engulfed his home after his murder in Albemarle St in 1734. However, not all the papers relating to him were destroyed. In January 1735, a certain Chevalier de Louvigny arrived in Paramaribo in the Dutch colony of Surinam. Laden with arms and golden guineas, the Chevalier attracted the attention of the Dutch authorities. The Chevalier proved to be an elusive character, however, although soldiers sent to locate him did find documents he had buried. All related to Richard Cantillon.

The discovery raises an interesting problem relating to the identification of the mysterious Chevalier de Louvigny. Was he the French cook, one Joseph Denier, whom the English authorities wished to arrest for the murder of Cantillon? But if he was Cantillon's murderer, why did he transport across the Atlantic and through the jungles of Surinam such a wide range of incriminating documents relating to the man he had killed?

There is an alternative possibility. Cantillon still faced criminal charges which Balfe was persistently pressing on behalf of Gage. In a letter to one of his friends, Cantillon despaired of ever ending these long legal processes. The day before he died he withdrew a large sum of money, reportedly £10,000, from his bank. The body engulfed in the flames in Albemarle St was burned beyond recognition, and contradictory accounts of the state of the corpse, the head of which was covered in nightclothes before the fire, were given by the servants and passers-by. Was the corpse really that of Cantillon, or did he arrange his own demise from European society?

● *This article is derived from Antoin E. Murphy's "Richard Cantillon; Entrepreneur and Economist" (Oxford University Press) published this week at £25.*

The Long View

Why Britain should keep its appeal

The height of the index is giving some pundits vertigo; but the strength of the economy suggests to Anthony Harris that although we might be near the ceiling, the floor should not be too painfully far below

IT WAS bound to happen and it has; at the first sign of faltering in the bull market, we are seeing some gloomy circulars again. They are not all gloomy, which is perhaps bad news—if they were, then you could be sure that the market was now discounting its own enthusiasm, and could only rise further. They also make a reasoned case. A market pushed along by a credit boom is always inherently vulnerable.

The point is put most directly by Tim Congdon, the unrepentant monetarist who watches the market for Messels. The dividend yield on the FT All-Share Index is now below 3½ per cent, and the last time it was as low as that was in January 1973 at the height of the Barber boom. What followed, of course, was an inflationary explosion, and the heaviest fall in the equity market since 1929 —indeed, it was a good deal worse.

This is all perfectly true—but to my mind it is also totally misleading. To save you any anguish, let us list the striking differences between now and 1973 before we get to the possible similarities.

- The whole world economy was overheating in 1973, and commodity prices were rising steeply, leading to the Opec price explosion at the end of the year. Enough said.
- In Britain, rapid inflation was being partly concealed by a misguided incomes policy.
- The over-expansion of credit in this country was being led by government borrowing and by commercial property developers: this time round, consumers are making the running.

Congdon's points, in fact, apply with a good deal more force to the US than they do to Britain. There, the Federal Government is in seemingly incurable deficit, and the corporate sector has been borrowing quite recklessly to finance takeovers and buy-outs, thereby pumping money into the equity market.

In the past two years, $156bn has been used to buy-in and extinguish equity, which goes a long way to explain the rise of the Dow; and the whole economy —the corporate sector, the banks, consumers and the government—might be in dire trouble if income fell or interest rates rose. The easy escape route from this kind of situation is simply to print enough money to keep the economy afloat and interest rates tolerable—in other words, to inflate your way out.

The consumer borrowing boom in this country poses quite a different problem. On the whole, private people know how much debt they can afford to service; indeed, the US story illustrates this. The main reason why the US economy is very flat for the time being is that consumers have sated their appetite for debt. Only the cut-price credit offers from the US car manufacturers can now breathe a little glow into the ashes every two or three months.

The exception to this rule is where consumer credit is used to finance speculation. This is not what is happening in the stock market, in my view: but it almost certainly is happening on a worrying scale in the house market, especially round London. Chancellor Nigel Lawson could easily make matters a little worse in his Budget on Tuesday: I hope he won't.

Of course, it is not only domestic credit which can inflate financial bubbles; and the worriers can make a more plausible case by pointing out that the whole world financial boom is credit-inflated.

It is American over-borrowing and its counterpart, Asian over-saving, which is generating these enormous financial flows, and the Tokyo stock market is the clearest evidence that money can make investors mad.

However, there is no sign at all that these flows are likely to abate in the near future. On the contrary, the politicians are changing course with all the enthusiasm of a man in a dream—one of those dreams where you are swimming in treacle. As long as Asian savers have such huge funds to invest, Britain will look like an attractive place to put them.

This is the really radical change since 1973, and it is not much connected with the fact that British interest rates are so high compared with any other respectable country. When British consumers get tired of taking on more instalments, perhaps the gap will be allowed to close.

It is the British industrial scene which has changed almost out of recognition. Multinational companies are now moving their operations into this country, instead of moving out. They explain their choice in words which I had given up any hope of hearing back in the 1970s: high quality standards, co-operative trade unions, computer literacy.

This might well go down in the history books as the Thatcher revolution, but she should not be allowed to hog the credit. The democratisation of the trade unions, and the shift in the balance of legal power, were deliberate Thatcher achievements, but for the rest we have a mixture of legacies and accidents.

The educational policies which have produced some good results were initiated before she came along, and only now is there a renewed drive to get the kind of changes the former Prime Minister, James Callaghan, was discussing a decade ago. Our prospects more than a few years ahead may well depend on Baker and his successors.

Perhaps the most important achievement, however, was an accident. Mrs T. never meant to push the private sector to the very brink of bankruptcy in 1980, and it was obstinacy as much as anything which inspired her to leave companies to work out their own salvation afterwards.

It worked, though. Defeat seems to provoke economic miracles, and we had in effect lost the war by other means. That is why the British economy should still look a good place to invest even after the financial bubble bursts; it is a recovery stock on a national scale and, as every investor knows, recovery stocks are the least risky holding in an inflated market.

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• MARKETS •

Pre-Budget wobble

"I'VE A HUNCH this market will run as far as the Budget," speculated one old hand, a few weeks ago. "After that, I just wouldn't like to say." A common enough sentiment in the Square Mile during the past month—and on the first score, at least, ominously accurate.

True, the market took a knock in the first half of last week when interest rates dominated the picture. Dealers, having suspected that the Bank of England would be unable to prevent a cut in base rates until Budget Day, were promptly disappointed when only half a percentage point was shaved away on Monday and no more before next week clearly signalled.

With many institutional investors on the pre-Budget sidelines and Wall Street in sharp retreat, the FT-100 Share tumbled 24.5 points, wiping around £4bn off the market's capitalisation. The pound showed no signs of easing back and export stocks—like ICI, BAT and Glaxo—bore the brunt of the downturn.

Over on the gilt desks, life was no happier. Longs lost up to £15 as the Bank of England unveiled a surprise £1bn tap. A week earlier, a similar-sized issue sold out on the first day of dealing, and everyone had assumed there was no more in the pipeline.

But by Wednesday, with the pound still firm, the Bank's dampeners evaporated; the new tap stock sold out and the yield on high coupon longs dipped to under 9.2 per cent.

Come Thursday and Friday, the equity market had also recovered its pre-Budget scent and hopes of tax and interest rates cuts plus a subsequent boost to consumer spending, drove the Footsie index back to exactly 2,000 by Friday's close.

Housebuilders, like Barratt whose figures are out next week, made the most of mortgage rates hopes; the prediction is a post-Budget cut of 0.75-1 per cent. News of the green light for Sizewell B, the £1.5bn nuclear station in Suffolk, also pushed up shares for a heap of potential beneficiaries—notably Babcock, Weir, Hopkinsons, and Whessoe.

Certainly, there was plenty on the company news front to underpin the bullish sentiments. BTR, which last month walked away from a potential £1.2bn bid battle with Pilkington, came in some £20m or so ahead of expections on Wednesday when it reported a 40 per cent pre-tax profits advance to £505m during 1986. The market quickly realised that it hadn't really got its sums wrong — there was the benefit of a £17m pension reduction (against £4m previously). By Friday morning, the shares were sitting at 338p unchanged on the week.

Still, the company sounded cheerful enough, talking of further improvements in Europe and the East though of flatter demand in the States. Debt, too, dropped significantly over the year; gearing now stands at 27 per cent compared with 68 per cent a year ago—or 18 per cent if conversion of BTR's convertible issues is allowed for. That should hold back the current year's interest charge and if current estimates of £605m for 1987 are anywhere near the mark, the prospective PE is 13.5 —which for a company with BTR's management calibre does not look expensive.

Hillsdown Holdings, the food, stationary and furniture group, also reporting mid-week, ran into inevitable profit-taking. Despite the 64 per cent pre-tax profits advance to £54.9m—some £2m ahead of many forecasts and 33 per cent jump in earnings per share — the shares shaded 9p to 271p—having stood at 220p barely a month ago. For all its 40-odd acquisitions last year, Hillsdown says these chipped in just £4m at the pre-tax level, and the pre-interest profits advance on organic activities was almost 40 per cent.

The encouraging feature about Hillsdown is that the current year's growth path is clearly visable—even before allowing for future acquisitions. Sales of today's group are around £2.5bn—against last year's £1.7bn—and the push into higher-margin processed foods, and more in-house packaging and distribution is only just underway. Analysts are currently suggesting a pre-tax total of £90m-£92m in 1987, which—with the tax charge likely to remain under 20 per cent—suggests a prospective PE of around 15. No snip, but a more justified rating.

London

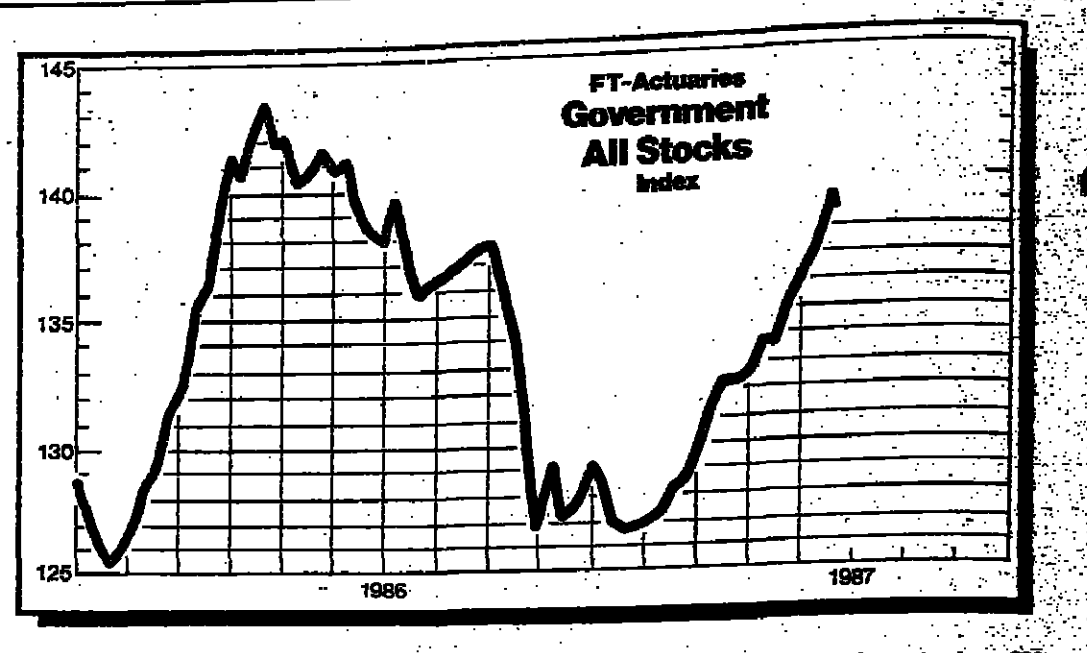
Hillsdown's advance came in sharp contrast to another major food group, sweet-maker Rowntree Mackintosh, which reported full-year profits just 6 per cent higher at £84m before tax on Thursday. The share price reaction, though, was kinder—nudging ahead to 499p. The company itself smoothed the way by predicting a considerable improvement in the current 12 months, which it says have started well and will enjoy the full benefits of Sunmark—the snacks and sweets group, bought for $230m last August.

That left analysts hoping that the company may finally be shifting from its three year earnings plateau, and that £110m-plus before tax could be on the cards — a figure the company says it has no quarrel with. If so, the shares are on a prospective PE of 12, that seems about right, but little cause for excitement.

Sentiment later in the week was also helped by the absence of anyone following Ladbroke down the rights issue path. The big question-mark had been Next, the fashion retailer — but, instead there was news of £30.12m pre-tax in the five months to January, against £12.4m in a equivalent period a year ago. Although the figures are complicated by the inclusion of mail order business Gratten, that was good enough to push the shares 23p higher at 321p.

Over on the recently-subdued bid front, Tuesday saw a sudden flurry of activity. To a few raised eyebrows, Tesco turned predator with a near-£180m offer for Hillards, the Yorkshire supermarket chain. Hillards immediately decided that 101-years of independance would not be given up without a fight.

Most analysts reckon the deal makes sense — Hillards is already following a larger store, own-label strategy which would dovetail with Tesco and be speeded by the larger chain's resources. Tesco immediately snapped up a 4.2 per cent stake in its target, but it faces chunky holdings by the board and family (around 26 per cent) and by funds managed by Cazenove, the company's brokers. The terms put Hillards on an exit PE of 23, but thoughts that Tesco may have to go higher lifted Hillards shares to 321p by Friday morning—a near 100p gain on the week.



Woolworth, too, hit the take-over trail—just a week after its talks with Underwoods ran into difficulties. This time, its aspirations were more modest: the group struck a £19m agreed deal for Charlie Browns, the car part centres group which only came to the USM in 1985. The company's 40 centres will complement Woolies' existing Autocentre business, run within the B&Q chain.

Still on the retail front, spare a thought for Boots. The chemist chain's shares sagged badly after a group of analysts visited the Nottingham head office, and were given no startling news on the drugs front. By Friday, they stood at 290p against 324p a week ago.

Which may be a salutary lesson ahead of next Tuesday. The one warning universally sounded last week was that market levels after this run, leave little scope for disappointment. Or, as BZW—quoting T. S. Eliot—put it: "However certain our expectation, the moment foreseen may be unexpected when it arrives." One hopes that the quote's origin—Murder in the Cathedral—is no portent.

Nikki Tait

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
FT Ordinary Index	1,583.9	− 17.5	1,613.5	1,094.3	Drifts as interest switches to Gilts
Abbott Mead Vickers	335	+ 35	340	201	Good results/further organic growth
Barham Group	166	− 28	200	111	Bid talks terminated
Blue Circle	748	+ 30	756	526	Adelaide Steamship stake sold
Boots	295	− 29	329½	209	Uninspiring meeting with analysts
British Benzol	94	+ 19	94	46½	Takeover speculation
BPCC	355	+ 37	355	201	Broker's meeting inspires demand
Brown (C.) Car Parts	312	+ 42	313	115	Agreed bid from Woolworth
Central TV	583	+ 94	583	212	Share stake
Centrovincial Estates	275	+ 42	275	168	Bid approach
Collins (Wm.) A	510	+ 95	510	288	Good results/further growth possible
Hillards	322	+ 99	322	162	Bid from Tesco
Miller (S.)	63	+ 10	77	23	Speculative buying
Norcros	382	+ 70	382	187	Williams Holdings bid hopes
Pantherella	195	+ 37	198	116	Agreed offer from GUS
Parker Knoll A	592	+ 55	595	246	Good preliminary figures
Ransomes Sims	268	+ 40	271	115	Persistent demand on bid hopes
Stat-Plus	580	+125	580	190	Good preliminary figures
Tyne Tees TV A	494	+127	498	140	Good annual results
Union Discount	878	+ 98	880	615	O'seas investor acquires near 5% stake

Britoil puzzles City

THE CITY awaits **BRITOIL'S** results on Thursday with more anxiety than it does **ENTERPRISE'S**, out on the same day. Enterprise is the market's favourite oil independent; it was the only one to hold its interim dividend, and analysts are confident of a maintained final.

Its results should be a fairly straightforward affair, down from £62m to about £20m as a result of the fall in the oil price. The ICI deal was not clinched until this year, and so will not affect the figures.

Britoil is another matter altogether. The City cannot decide whether it will cut its dividend by as little as a quarter, or by as much as half. Its net income is also difficult to forecast, as it will include an uncertain amount of exploration write-offs (perhaps more than £100m); severance payments against the heavy redundancies made last year; and perhaps a large write-down of its US assets, which are now up for sale. About £50m after tax is the City's best guess.

UNITED BISCUITS, preliminary results on Wednesday are expected to show pre-tax profits of £125m compared with £102.2m in 1985.

Activities in the US were helped by an easing of the cookie wars and contributions from acquisitions. In Britain, UB Biscuits—the group's largest division—grew steadily and there was recovery in the frozen food business.

On the minus side, Wimpy and Pizzaland restaurants were hit by the fall in American tourists last summer and competition from Pizza Hut.

Increased tax and equity in issue mean analysts expect earnings per share little changed at about 20p compared with 19.1p in 1985.

Full-year profit estimates for **PEARSON**, which reports on Monday, have crept downward as evidence mounted of the effect of the lower oil price and strength of sterling. Camco, the 65.4 per cent-owned oil services subsidiary, gave a pointer last month with a 72 per cent fall in dollar-denominated profits.

Fine china, centred on Royal Doulton, will be only slightly ahead, if at all. It had barely recovered from absent US tourists when the pound's rise began to cloud the export outlook, and not only in North America.

Against this, information and entertainment (including the Financial Times) and merchant banking (Lazards) should bound ahead to raise the pre-tax total to £115m, 5 per cent above £109.3m in 1985 but £5m below prospects only a few months ago.

For merchant bank **MORGAN GRENFELL**, 1986 was not the most glorious of years. Prospects looked bright enough when the company floated on the Stock Exchange in July; but then came the Guinness scandal and the laying of insider trading charges against Geoffrey Collier, Morgan's former securities director.

Guinness and Collier will not work wonders for Morgan's performance this year, but the uncovering of the affairs happened too late for any loss of confidence to affect the 1986 preliminary results due on Wednesday.

The City is expecting the 1985 pre-tax profits of £65.9m to be increased to about £95m last year. That, however, is rather less of a rise than was expected at the time of the flotation. The main culprit was a falling-off in the number of contested takeovers at the back end of the year.

LEGAL & GENERAL, the second-largest life office in the UK, is expected to produce net profits of £49m, up from £36.2m last year, when it reports preliminary results for 1986 on Thursday.

With about one-third of the group's business related to life policies plus mortgages, and the rest mainly pensions, L&G should be showing strong gains arising from last year's house-buying boom. Its linking of mortgage finance with a national network of estate agents through the Home Move service is part of a planned general expansion into financial services.

Because margins were tight, pension management looks to have made only slim pickings from the £2.1bn in funds it controls. Nonetheless, L&G is expected to have come out ahead of the life pack with earnings per share up 36 per cent against forecasts of 25 per cent for the sector as a whole.

TURNER & NEWALL'S bid for AE went unconditional on December 5, 1986, so the impact of acquisition accounting will have little effect on T&N's results to December 31, particularly as the three weeks included the Christmas shut-down.

T&N made no profits forecast during the course of the bids for AE, other than saying they would be ahead of 1985, but analysts are expecting the group to produce around £45m pre-tax on Wednesday against £39.6m in 1985.

Results due next week

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AE	Tuesday	2.0	3.0	2.2
Ault and Wiborg Group	Wednesday	—	—	—
Assam Dooars	Wednesday	—	9.0	—
Barker, Charles	Wednesday	—	1.0	—
Bedford, William	Monday	1.5	3.0	1.5
Britoil	Thursday	4.0	9.0	2.0
Browns, Charlie	Monday	1.0	2.0	—
Cambridge Electronics	Monday	2.2	5.2	2.2
Charterhall	Tuesday	—	—	—
Delaney Group	Thursday	0.8	1.6	0.9
Ducan Walter and Goodricke	Wednesday	—	15.0	—
DRG	Wednesday	3.3	4.9	3.6
Enterprise Oil	Thursday	3.5	5.0	3.5
Eucalyptus Pulp Mills	Monday	—	5.0	3.0
Expamet International	Tuesday	2.3	3.5	2.7
Fisher, James and Son	Monday	1.6	1.7	1.6
Glentree	Thursday	—	—	—
Hepworth Ceramic	Wednesday	2.9	4.3	3.1
House of Lerose	Thursday	3.0	5.4	3.0
Jamesons Chocolates	Tuesday	2.0	3.0	2.0
Jones and Shipman	Wednesday	1.1	2.7	1.1
Legal and General	Thursday	4.2	8.0	3.2
Lincroft Kilgour	Monday	2.0	5.0	2.5
MacKay, Hugh	Wednesday	1.4	3.2	1.5
Metalrax Group	Monday	0.6	3.1	0.7
Morgan Grenfell	Wednesday	—	3.5	—
Norank Systems	Wednesday	—	1.5	—
Octopus Publishing	Thursday	2.2	4.6	2.7
Pearson	Monday	4.2	5.7	5.0
Refuge Group	Thursday	4.5	9.2	5.0
Sintrom	Monday	0.7	1.4	0.7
Spong Holdings	Thursday	0.1	—	—
Sunleigh Electronics	Monday	—	—	0.1
Superdrug	Thursday	2.0	3.0	2.3
Transport Development	Monday	1.7	4.5	2.0
Turner and Newall	Wednesday	1.3	3.6	2.5
United Biscuits	Wednesday	2.8	5.1	3.5
Waterford Glass	Monday	—	5.6	—
Wetmoughs	Wednesday	1.7	4.8	2.0
Western Dooars Tea	Wednesday	—	6.0	—
Williams Holdings	Thursday	—	8.0	5.0
WPP Group	Monday	1.1	1.5	1.2
INTERIM DIVIDENDS				
Armitage Bros.	Wednesday	30.0	35.0	
Bailey, Ben	Monday	—	0.2	
Barratt	Thursday	2.3	5.8	
BM Group	Tuesday	0.7	0.9	
Gent, S. R.	Thursday	0.5	—	
GR Holdings	Thursday	1.8	5.4	
International City Holdings	Wednesday	3.0	6.0	
Logica	Wednesday	—	1.0	
London and Strathclyde	Monday	1.0	2.0	
MAI	Monday	4.0	13.5	
Marler Estates	Thursday	—	4.0	
Pacific Sales Organisation	Monday	1.0	2.0	
Paterson Zochonis	Tuesday	1.6	4.8	
Pochins	Wednesday	4.0	10.0	
Renishaw	Monday	0.7	1.5	
Savage Group	Monday	—	0.5	
Scholes, George H.	Wednesday	4.0	7.5	
Sirdar	Wednesday	1.6	3.5	
Television South-West	Wednesday	0.6	1.4	
TOD	Wednesday	1.3	2.0	
Town and Centre Sec.	Thursday	0.4	0.7	
Walker, Thomas	Thursday	0.2	0.7	
West Yorkshire Independent Hospital	Thursday	1.5	2.5	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Postman Pat's good news

CATCH THE average toddler pretending to brew up and the chances are that he or she will be playing with the Big Yellow Teapot. That is not to say that the sales of USM-quoted Bluebird Toys, which produces the BYT, are dependent on the success of just one product.

This week, with the help of toys like the Postman Pat vacuum flask (as used by Prince William) and A-la-Cart kitchens, the group announced pre-tax profits up 37 per cent on the previous year at £1.7m.

The British toy industry has a past littered with casualties as high-powered executives have tried to guess whether My Little Pony would have more appeal than the A-team. Children have been bombarded with TV series which promote ranges of toys like Masters of the Universe not to mention successful movies like the Care Bears and ET.

In such a market, a toy producer tends to be as good as his last product and many fingers will be crossed this year as it awaits the success of new playthings like Harriet Hippo and Manta Force (a spaceship with a mission to find Earth's twin planet).

Bluebird has stuck to designing and assembling its toys rather than manufacturing the components and that keeps its costs low in the face of foreign competition. With the success of specialist retailers like Toys 'R' Us and the advent of Boots' Children's World, the overall market for toys sales looks encouraging.

Torquil Norman, Bluebird's chairman says that orders are currently above those for last year and he is counting on new products to contribute around a third of sales this time. His announcement pushed the share price up to 361p, four times higher than when the company was floated two years ago.

Junior Markets

The records industry is perhaps even more volatile than the toy world. Undaunted, Castle Communications which produces and sells own-label albums, cassettes, CDs and videos is joining the USM, in a placing which values the company at £6.6m.

After being founded in 1967, the company lay dormant for several years until Terry Shand became managing director in 1983. Shand has been a director of five companies which went into liquidation, either during or in the two years following his tenure, although none of them were his major business interest.

Terry Shand has had better luck at Castle and pre-tax profits increased from £42,000 in the year ending June 30 1984 to £476,000 in the last financial year on turnover of £3.92m and the forecast for current year profits is £720,000.

Around 26.6 per cent of the equity (875,000 shares) is being placed by Industrial Finance and Investment Corporation (Ifico), which has a stake of just over 7.5 per cent in the enlarged group.

Just over half the proceeds of the issue will go to the company and will be used to widen its music and video catalogues, currently replete with items like the Raw Power heavy metal label and the film Copacabana starring Barry Manilow.

Meanwhile, socks appeal hit Great Universal Stores this week—the catalogue shopping to high street stores group snapped up Pantherella, the Leicester-based, and USM-quoted, hosiery manufacturer.

Pantherella had joined the USM in May 1984, with a market capitalisation of around £3m so the £8.2m price tag that GUS has placed on the company represents a healthy profit for the original investors.

The GUS offer—eight non-voting shares and £95.16 in cash for every 100 ordinary Pantherella shares—values the latter at 205p compared with the original placing price of 80p.

Pantherella's last published figures were hit by problems in export markets, particularly Australia and the Middle East, and the interim pre-tax profits fell from £315,000 to £287,000. The group was one of GUS's suppliers and will be absorbed into its Burberry's division.

On the Third Market figures from Credit Suisse Buckmaster & Moore showed that the index reached its lowest ever level, at 90.3, since the market opened. Just as Eglinton Oil and Gas, which constitutes around half the market capitalisation, had provided much of the turnover in the early week, so a 9.7 per cent drop in its share price gave the market a nasty knock.

CSBM did its best to enliven the third tier this week by introducing the tenth entrant, Edenspring Investments. Although Edenspring only joined via an introduction, and so did not generate too much excitement, it has at least managed a healthy premium since the opening price of 103p.

The group took its present form in November when Braham Hill, a company specialising in media and presentation training, reversed into Edenspring, previously an investment holding company. Edenspring also has a 30 per cent interest in Business Television, a TV production company.

Philip Coggan

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.60	4.70	3.64	2.65	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	6.63	6.80	5.27	3.83	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.78	4.93	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.23	8.40	6.51	4.73	half yearly	1	2,500 minimum	0
Schroder Wagg	7.66	7.93	6.14	4.47	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.91	6.92	5.66	4.48	half yearly	4	—	0
10pc Treasury 1990	9.30	6.44	4.86	3.38	half yearly	4	—	0
10.25pc Exchequer 1995	9.36	6.47	4.88	3.39	half yearly	4	—	0
3pc Transport 1978-88	6.93	6.03	5.53	5.07	half yearly	4	—	0
2.5pc Exchequer 1990	6.83	6.03	5.60	5.19	half yearly	4	—	0
Index-linked 1990¶	6.88	6.29	5.97	5.66	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Ang Nordic Hldgs	31½*‡	26½	23½	2.99	Smidth (F. L.)
Arncliffe Hldgs	75*§	88	98	3.75	Govett Strat In Ts
Avana Group	768§	724	490	268.18	RHM
Baker Perkins	351½	355	355	140.18	APV
Barrow Hepburn	82‡	79	42	27.25	BTP
Barrow Hepburn	73½§§	70	72	24.42	Yule Catto
Berisfords¶	177‡§§	178	137	9.69	Ferguson Indl
Browns (C.) Car Parts	316*	312	270	18.96	Woolworth Hldgs
Burns-Anderson¶	115*	141	—	23.64	Dudley
Chambrin Phipps	130	135	130	47.23	Wardle Storeys
Dataserv	183	180	200	60.13	Bell South Corp
Debron Invests	72*§	69½	49‡‡	17.05	Interface Overseas
D. J. Security Alarms	165½	157	91‡‡	6.72	Britannia Security
Exco Intl¶	325§§	332½	203‡‡	760.95	Brit & Comm.
Europn Ferries¶	148	145	231	342.89	P & O
Feb Intl¶	178½	174	108‡‡	3.09	Tarmac
Feb Intl 'A'¶	121	118	78‡‡	6.18	Tarmac
Fothergill Hrvy¶	312	311	178	39.15	Courtaulds
Grosvenor Group	125†§	125	120	7.79	BBA Group
Grosvenor Group	135†§	125	125	8.41	Hollis
Henera	70*	69	57	8.04	Warner-Lambert
Highgate & Job	200*	255	200	1.94	Fraser (Robert)
Hillards	320	322	223	157.95	Tesco
Home Farm	192½	185	113‡‡	8.99	Sutherland (E. T.)
Hwrd & Wyndhm¶	18*§	15	20	3.28	Intermediate Secs
Imp Cont Gas	700*	719	653	995.00	SHV
Imp Cont Gas	710*§	719	710	1.01bn	Tractebel GBL
Jacksons Brn End	445*§	470	428	9.50	Bugge Eind A/S
Lond & Nthn Grp	81‡	81	71½	90.11	Demerger Two
Lond Park Hotels	809	799	700	40.58	Mount Charlotte
Mitchell Somers	203	182	22½	32.72	Eagle Trust
Municipal Props	£34‡‡§	£25	£24½	16.76	Merivale Moore
Natnwide Leisure	77‡*	76	77	8.30	Inspec E. & E. Grp
Nottingham Brick	395§§	381	363	42.66	Marley
Pantherella	205	195	158	8.20	Grt Universal Strs
Peerless	207	201	175‡‡	26.93	Newman-Tonks
Sarasota Tech	171	169	107	30.19	Peek Hldgs
Tenby	279§§	272	217	49.10	Emess Lighting
Thermax	182	200	175‡‡	21.18	Heywood Wms
Trade Prom Servs	270§	262	251	15.74	EMAP
Wettern Bros	167§	163	173	1.98	RMC

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 13/3/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* (p)	
Abbott Mead	Dec	3,100	(2,300)	14.8	(10.5)	3.5	(1.5)
Alliance Tst	Jan	19,430	(16,480)		(—)	—	(—)
Ansbacher H.	Dec	5,600	(2,700)	—	(—)	2.0	(—)
Appleyard	Dec	2,600	(1,860)	28.2	(21.6)	7.0	(5.0)
Antofagasta	Dec	9,100	(7,500)	29.7	(27.0)	7.2	(5.5)
Antler	Jan	871	(733)	9.8	(7.1)	2.0	(—)
Barclays Dev	Dec	10,900	(4,900)	—	(—)	—	(—)
BBA Group	Dec	26,600	(13,000)	10.2	(8.1)	2.5	(2.0)
Beatson Clark	Dec	1,270	(1,180)	—	(—)	8.5	(7.5)
Bedford W.	Dec	759	(938)	10.2	(11.9)	4.5	(4.5)
Bensons Crisp	Nov	420	(204)	—	(—)	5.3	(2.7)
Bluebird Toys	Dec	1,740	(1,270)	18.1	(12.8)	4.6	(3.5)
Bremner	Jan	111	(421)L	—	(—)	—	(—)
British Vita	Dec	19,770	(12,230)	23.8	(15.7)	6.4	(4.7)
BTR	Dec	505,000	(362,000)	21.2	(16.0)	8.2	(5.8)
Cattles Holding	Dec	3,610	(2,720)	5.0	(4.4)	2.4	(2.2)
Cement-Roadstone	Dec	32,300	(25,000)	12.1	(9.3)	3.7	(3.2)
Collins W.	Dec	15,530	(13,100)	32.0	(26.1)	9.2	(7.7)
Cranbrook Elec	Sept	361L	(475)	—	(3.9)	—	(0.5)
Edinburgh Fund	Jan	5,750	(4,120)	24.8	(16.8)	8.0	(6.0)
Euro Home	Dec	4,800	(949)	14.2	(2.8)	2.5	(—)
Federated Hsing	Dec	2,520	(1,450)	16.7	(9.5)	4.0	(3.3)
GKN	Dec	132,400	(132,100)	28.5	(26.6)	13.0	(12.0)
Glynwed	Dec	46,100	(35,000)	27.4	(22.1)	10.1	(8.4)
Greggs	Dec	3,360	(2,650)	18.7	(14.0)	5.7	(4.3)
Hampden Home	Dec	1,020	(737)	6.9	(4.5)	1.6	(—)
Hewitt J.	Dec	1,320	(642)	25.5	(11.4)	5.0	(2.7)
Hibernian Group	Dec	7,650	(4,870)	8.4	(7.0)	3.6	(—)
Hillsdown	Dec	54,900	(17,000)	16.3	(12.2)	3.8	(3.1)
Laidlaw Thomson	Dec	897	(758)	10.3	(8.4)	4.2	(3.7)
Lambert Howarth	Dec	2,040	(1,640)	24.1	(19.9)	7.0	(5.7)
Low & Bonar	Nov	17,110	(12,320)	19.8	(17.1)	5.3	(4.7)
New Darien	Jan	138	(138)	1.0	(0.9)	0.7	(0.6)
Owners Abroad	Oct	5,190	(3,810)	3.5	(1.5)	—	(—)
Pentos	Dec	5,000	(2,970)	7.7	(6.1)	0.9	(0.7)
Persimmon	Dec	6,100	(3,420)	28.2	(17.1)	6.3	(5.2)
Phicom	Dec	403	(2,110)	—	(—)	0.5	(1.1)
Ran. Sims & Jeff	Dec	8,040	(8,030)	21.3	(16.1)	6.0	(5.0)
Rivlin	Dec	797	(1,200)	2.1	(3.3)	0.3	(0.1)
Robinson T.	Dec	7,050	(2,350)	25.7	(7.5)	3.0	(—)
Rowntree Mack	Jan	84,000	(79,300)	35.0	(34.8)	13.6	(12.2)
Stat-Plus	Dec	2,730	(1,530)	24.0	(12.5)	5.0	(3.0)
Sharpe & Fisher	Dec	3,300	(2,200)	10.8	(7.0)	3.0	(2.3)
Stockley	Dec	7,820	(3,770)	—	(—)	2.0	(—)
T & S Stores	Jan	1,220	(1,800)	14.1	(9.3)	3.5	(3.0)
Tyne Tees	Dec	4,210	(3,190)	51.3	(32.7)	18.7	(13.1)
Ultramar	Dec	22.1L	(71,600)	—	(26.3)	—	(10.5)
Wickes	Jan	6,450	(3,720)	12.7	(9.0)	2.5	(—)
Wills Group	Dec	2,230	(532)	16.5	(1.7)	8.0	(—)
Woodhouse & Rix	Dec	1,150	(1,140)	8.1	(7.8)	3.0	(2.5)
World of Leather	Dec	1,250	(1,200)	—	(—)	3.0	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Attwoods	Jan	4,580	(2,760)	1.5	(1.2)
Bejam	Jan	11,640	(9,130)	2.2	(2.0)
British Car Auc	Jan	7,870	(4,770)	2.0	(1.5)
BritishTelecom	Dec†	506,000	(452,000)	—	(—)
Bryant Holdings	Nov	11,710	(6,120)	1.5	(1.2)
Common Bros	Dec	587	(630)L	—	(—)
Continental Micro	Dec	370	(134)	2.2	(1.0)
Imtec	Sept	549L	(991)L	—	(—)
Leisure Invest	Dec	497	(244)	—	(—)
Lysander Pet	Sept	156L	(86)L	—	(—)
Miller & Santhse	Dec	251	(120)	—	(—)
Mitchell Cotts	Dec	1,180	(2,500)	0.7	(—)
Mucklow A. & J.	Dec	2,780	(2,640)	—	(1.5)
Next	Jan	30,120	(12,400)	2.5	(2.4)
Oceana Cons	Sept	77	(120)	1.5	(1.3)
Parker Knoll	Jan	2,810	(2,260)	—	(—)
Precious Metals	Jan	79	(71)	5.0	(4.0)
Prestwich	Dec	2,750	(2,060)	—	(—)
Reliable Prop	Dec	621	(252)	0.4	(0.3)
Shandwick	Jan	1,000	(535)	2.2	(1.2)
Strong & Fisher	Dec	2,610	(2,110)	1.5	(1.2)
Telemetrix	Jan	1,190L	(683)L	3.5	(3.0)
Trafford Park	Dec	1,390	(1,320)	—	(—)
Wolseley	Jan	32,100	(16,950)	4.2	(4.0)
				4.0	(3.5)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. † Third quarter figures. L Loss.

هكذا من الأصل

When the Dow rings

WALL STREET bulls spent much of the week building their strength for the long-awaited charge through the 2300 level on the Dow Jones industrial average, which has risen by a fifth in the first 10 weeks of 1987.

By Thursday evening the broader-based Standard & Poor's 500 index had set a new high, boosting the stock market's price earnings' multiple to 19.5 times historic earnings, and reducing the average yield to 2.94 per cent, but many of the traditionalists still do not believe that the stock market is at an all time high until the Dow rings the bell.

To complicate matters, the technicians at Dow Jones chose this week to make a couple of rare changes to the Dow's exclusive membership list. Out went Inco, one of the original members of the Dow, and Owens-Illinois, and in came Boeing and Coca-Cola, two of America's best known "blue-chips." Unfortunately the share prices of both the new boys dropped the day after they were selected to join the club while Inco's shares rose.

The past and current membership list of the Dow Jones 30-share average, the most famous Wall Street barometer for both big and small investors, is well worth occasional study. It provides a salutary reminder of the dangers of buying a famous "blue-chip" stock and forgetting to check how it is doing over the years. Many of yesterday's "blue chips" stock and forgetting to check how it is doing over the years. Many of yesterday's "blue chips" are today's "fallen angels." Whatever happened to such pillars of the dow as Victor Talking Machine, Paramount Publix and Postum?

Paramount Publix was displaced by Loew's Corporation, which was in turn replaced by International Paper. Victor Talking Machine was dropped in favour of National Cash Register, which was subsequently replaced by International Business Machines. A few years later it was dropped in favour of the fast growing AT & T and it took "big blue" another 40 years to regain its membership which it did at the

Wall Street

expense of Chrysler Corporation which ran into a little financial difficulty in the late 1970's.

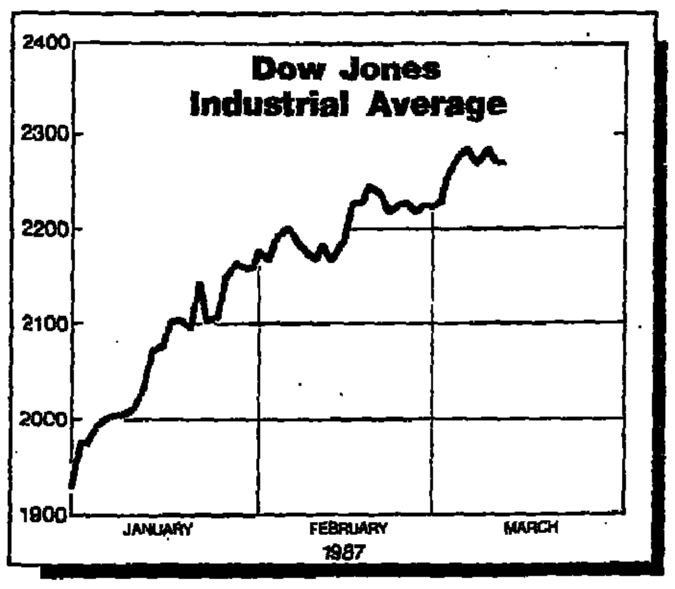
Over the past 25 years the Dow has recruited eight new members. In addition to IBM and this week's new recruits, the others are 3M, Merck, American Express, McDonald's and Philip Morris. Some of the founding members of the Dow Jones industrial average, which was first published in the Wall Street Journal on October 1, 1928—a year before "the great crash"—are still around.

Indeed, investors who stuck with the likes of General Electric and Standard Oil of New Jersey (Exxon) will have done well but some of the others such as Bethlehem Steel, International Harvester (now known as Navistar), Sears Roebuck and Woolworth have had a struggle to show decent investment returns over the years.

Even investors who bought shares in IBM over the past couple of years have missed out completely on one of the most dramatic advances in the stock market. At the end of 1984 the Dow was hovering around the 12000 level and IBM was trading at $123. Today, the Dow has put on more than 1000 points and IBM shares, which have hada good run over the past few weeks, are trading at $144. If IBM had done no more than keep pace with the rise in the Dow (and most investors expect it to do considerably better) then IBM shares should be trading around the $230 level.

Several more of the founding members of the Dow Jones industrial average, such as USX (Ex-US Steel), and Union Carbide, have attracted the attention of corporate raiders and even a giant like General Motors has come under fire by an increasingly restive investment community which would prefer the company to give its shareholders some of the bililons of dollars it has been throwing into new plants and equipment in a desparate attempt to defeat its Japanese competitors.

Boeing and Coca-Cola are two big success stories in a US business world which has been battered by overseas competition. Both have been able to conquer the international market-place and become world



leaders in their respective fields. But fifty years ago they were probably saying the same sort of hting about Bethlehem Steel and Wright Aeronautical.

A case in point is Chrysler Corporation, the third biggest car manufacturer, whose ebullient chairman, Lee Iacocca, has dismissed any intention of running for president of the US, and is instead working hard to restore Chrysler to its former glory. It would really make his day if Chrysler were to be picked to replace General Motors.

For the second week running Chrysler's name has been in the headlines. The previous week it announced a stock split and increased its dividend and this week it disclosed that it was spending up to $1.5bn to buy American Motors Corporation, a struggling rival which is largely-owned by France's Renault and makes the best-selling jeep.

Chrysler's move was applauded by the stock market which sent the company's shares to a new peak of $55½. The shares started the year at $37 and have been as low as $2.50 within the past five years. By contrast General Motors' shares have only traded in a range of $88 to $34 over the past five years and have only risen by $12 to $78 since the start of the year.

Chrysler also made the news in another way this week by revealing that its pension fund was going to sell $1bn of its $3.5bn bond portfolio and invest the money in the stock market. The company's money managers are convinced that the equity market has a lot more upside potential than the stock market.

MONDAY	2260.12	−20.11
TUESDAY	2280.09	+19.97
WEDNESDAY	2268.98	−11.11
THURSDAY	2267.34	− 1.64
FRIDAY		

William Hall

Echoes of last August

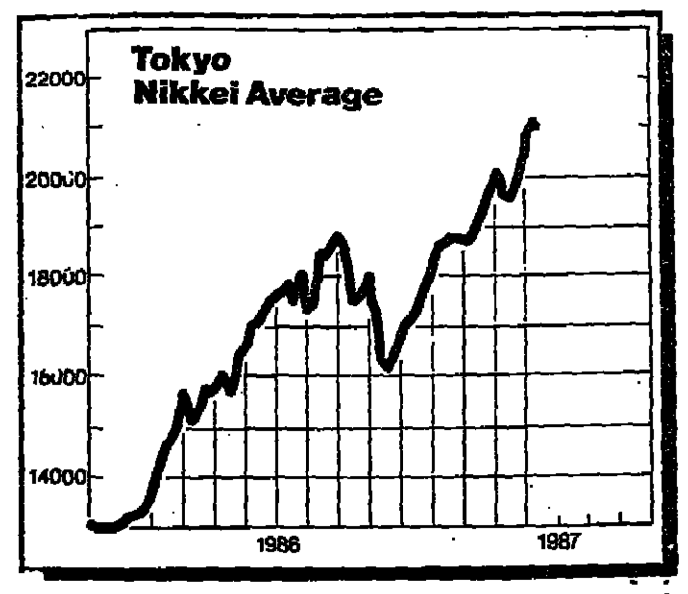
EXTRAORDINARILY high volume trading has returned to the Tokyo stock market for the first time since last August. It has come together with the unusual phenomenon of daily or even hourly changes in the popularity of various share groups.

"We are just going round and round," one analyst said yesterday, emphasising the difficulty of keeping up with the rapidly shifting emphasis from financial to engineering to property to Aids-related shares and back to financials again.

As in August, the authorities have been warning leading brokers lately about excessive speculative activity, and have even taken some action to damp down trading, such as the tightening of margin requirements and a clampdown on the Tokkin trust funds.

At first hearing, some analysts winced at these developments. They remember that the frenzied trading activity of August led the authorities to rap some knuckles and there followed a sharp drop in both volumes and values in October.

However, the analysts then shrugged their shoulders, pointing out that the market quickly recovered from its autumn slump and has since surged ahead to new records.



So far, though, the authorities' attempts to dampen the market have had no noticeable effect. The Nikkei stock average of 225 leading issues on the Tokyo stock exchange has advanced on nine of the last 10 days, setting new records on many of them. It closed yesterday at 21,497.95, another record, and 15 per cent higher than it was at the turn of year.

Volume this week averaged 1.4m shares a day, and on Wednesday exceeded 2.1m shares, nearly as much as the record 2.3m one day last August. The emergence of Nippon Telegraph and Telephone shares, which made a spectacular market debut last month, among the market leaders has probably prevented the volume figures from going higher. At Y2.9m each, NTT shares are much heavier than the average share price of roughly Y1,000 on the Tokyo market.

"It is very hard to see where the supply of stock is coming from that would keep the market from going up," says Andrew Smithers of the British stockbrokers S. G. Warburg. Warburg remains fundamentally bullish about the Tokyo market, but has recently been showing signs of impatience.

"The active involvement of individuals in increasingly speculative AIDS 'incentives' is suggestive of a deterioration in the quality in the market," the group complained in its market report last week.

That may be so, but those who have become actively involved in AIDS-related shares—and Japanese investors have found dozens of them—have done rather well. Among the recent performers, Japan Synthetic Rubber, which is said to be building an immune laboratory, opened this week at Y450 and only 628,000 shares changed hands on Monday.

UBE Industries, a cement and plastics company which is said to have an interest in the development of a drug for fighting AIDS, has seen its shares go from Y285 to Y385 in the past two weeks on often massive volume.

But the star performer of the past month has without doubt been NTT. At an issue price of Y1.19m, the shares were launched on a price-earnings ratio of something over 100, but confounded sceptics by quickly doubling in value. They have remained at about Y2.9m for much of this week despite active trading.

"It is because foreign investors have not been allowed to buy them," said one foreign banker in Tokyo this week, although it is difficult to see how anyone could have dampened Japanese investors' enthusiasm for this issue.

So far, the market as a whole has not been daunted by rising

Tokyo

unemployment, declining manufacturing activity, or the government's troubles with its budget and tax reform proposals. But some retail shares have suffered in the past few months. For example, shares of Marui, a leading department store group, were Y2,650 yesterday compared with a peak of Y2,970 last August. Daiei, the largest supermarket operator, was only Y1,440 yesterday, compared with a 1986 peak of Y1,800.

No-one would be surprised if there were a more general downturn in the market in the next few weeks, not so much because of economic factors, but because many companies are approaching their fiscal year-end and so will be less interested in share trading for a while. But once the 1986-87 books are cleared away, the inevitable upward push is expected to return.

Ian Rodger

Squeezes put metals at a premium

IT IS common knowledge that the world metals markets are depressed. With industrial growth sluggish, interest rates high and production capacity, in most cases, far in excess of demand, how could they be otherwise?

With an irony typical of the commodities markets, however, this very situation has brought about supply squeezes which have pushed cash prices to premiums against forward positions instead of the normal discounts—on all but one of the London Metal Exchange's (LME) base metals markets.

Holding physical metal is an expensive business. There is no dividend yield and storage, handling and insurance charges have to be met. So, a purchaser of a forward position, who will pay only about 10 per cent up front, would normally expect to pay a premium, known as a "contango," equivalent to these costs, plus the interest he is accumulating while the rest of the purchase price remains in his account. With cash copper at about £900 a tonne, this would amount to rather more than £20 a tonne for the three-month delivery position.

However, instead of paying a premium he has this week been receiving a discount of up to £18 a tonne. This is known as a "backwardation," because it is the reverse of the normal situation.

A backwardation arises when supplies available for immediate delivery are below, or uncomfortably close to, the level of demand.

To discover how the metals markets come to be in this situation, at a time when consumption is far from buoyant and mine and smelter capacity is more than adequate, it is necessary to look back into the previous decade. Then, production and prices were rising, metal users and traders were building up stock levels, and producers were encouraged to bring new capacity on stream.

When the uptrend went into reverse at the start of the 1980s, users began to unload their excess stocks. And, safe in the

Resources

knowledge that plentiful supplies were on tap should they be needed, they allowed stocks to sink to very low levels. With interest rates remaining stubbornly high, it made sense to let the mining companies carry the stocks.

Exceptionally low stock levels mean, however, that the market is exceptionally vulnerable to short-term supply squeezes, such as those being experienced at the moment.

The copper merket's present squeeze results chiefly from the after-shocks of the protracted strike at Noranda's Horne smelter, near Quebec, which ended at the beginning of January. At the same time, there has been something of a surge in US demand, and inadequate supplies at home have sent North American users foraging across the Atlantic for metal. This has been reflected in a dramatic fall in stocks held in LME-registered warehouses.

Over the past four weeks, LME stocks have fallen by 41,300 tonnes to just below 136,000 tonnes, and traders expect a further reduction to be announced on Monday.

The growing interest in options tradig o the LME has also played a part in widening the bacwardation. A "call" (buy) option gives the holder the right (but not the obligation) to buy at a predetermined price on a certain date.

The recent rise in copper prices, particularly in dollar terms, has put many options scheduled for settlement late in March and late April "in the money," forcing granters to cover their obligations on the market.

The Grade A copper settlement price on the LME official ring yesterday was £929 a tonne. Although this was only £18 up from the level two weks earlier, the dollar's weakness means thata the US equivalent is a rise of nearly $70.

Backwardations are "very bad for the LME," according to Stephen Briggs, an analyst with Shearson Brothers, the London broker. "They create an irrational volatility which discourages trading," he adds.

Anthony Hodges, head of research at Rudolf Wolff, agrees. "A backwardation discourages hedge sellers from being aggressively short," he explains. Normally, a producer would "hedge" a physical sale by selling short on the LME, with the intention of buying back his hedge at a lower price when he came to deliver the physical metal.

"Backwardations seems to be becoming a feature of the LME," observes Briggs, sadly. "If this situation continues for much longer we may have to think about reversing the technology, so that cash premiums are recognised as the norm and discounts described as 'backwardations'."

Richard Mooney

• FINANCE & THE FAMILY •

John Edwards examines what the Chancellor might have in store

Lawson's road to reform

THE BUDGET next Tuesday could be something special. The Chancellor has more money to give away (or, some would say, give back) than for a long time. And with a general election looming there is an additional incentive to relieve the tax burden and devise new ways of wooing votes.

Given Nigel Lawson's wish to be known as a reforming Chancellor, he might well be tempted to take the opportunity (in what will possibly be his last Budget) to introduce some radical changes. So what are the main subjects likely to be worth looking out for?

First, the possibility of income tax changes. The Chancellor may decide to take another step—or go the whole way—towards reaching his stated target of reducing the minimum standard tax rate from its present level of 29 per cent to 25 per cent.

Capital gains tax may be abolished, revised or simplified. It is a complicated tax at present, bringing in little revenue but causing an immense amount of work. If CGT is retained, the annual exemption will probably be increased from its present level of £6,300. But "bed and breakfasting" of building society share accounts—to take advantage of the indexation allowances — might be disallowed.

Mortgage tax relief: There are all kinds of possibilities. The existing "ceiling" of £30,000, qualifying for relief, could be increased to £35,000 or £40,000. But this may be offset by restricting the relief solely to the standard rate of tax. Also the Chancellor may revive his idea of giving only one mortgage relief allowance per home. This would end the existing anomaly where a married couple is at a disadvantage, permitted to claim only one relief, where an unmarried couple living together may claim two. It seems unlikely that the Chancellor will bow to pressure for mortgage tax relief to be scrapped altogether, bearing in mind the forthcoming election and Mrs Thatcher's public pledge that no government of hers would do so. Simply leaving the limit at £30,000 for another year would be seen, however, as an indirect means of phasing it out by reducing its importance.

Stamp duty may also be reviewed. The rise in the value of many houses has brought a big increase. Scrapping the duty on share transactions could be seen as a means of encouraging wider share ownership. (It may be politically impossible this year, however, in view of the cloud hanging over the City of London's affairs.)

Personal Equity Plans (PEPs). The Chancellor recently said he was satisfied with the "success" of the PEP scheme, so he is unlikely to yield to pressure that the scheme should be radically altered to give greater tax incentives to investors. There may be some fine tuning. (For example, an increase in the current maximum of £2,400 that can be invested annually, to over £3,000—or more.)

It seems unlikely at this stage that Lawson will listen to pleas for a greater proportion of the total to be invested in unit and investment trusts, but he might be able to remove some of the restrictions that put up the costs of administering the scheme. Confining tax relief only to the standard rate of tax does not appear likely: it would not encourage the smaller investor: merely discourage the richer one.

Wider share ownership might also be encouraged by new schemes to encourage employees to acquire more shares in the companies they work for by offering greater tax incentives.

Small business and capital venture projects may be given further tax incentives, with possible further changes in the Business Expansion Scheme or some new way of stimulating risk capital investment. One suggestion is that the minimum level at which value-added tax becomes payable should be raised significantly to take more small businesses out of the net.

Older people may benefit from a rise in state pensions, and an increase in the age allowance. The tax regime for personal pensions is expected to be incorporated in the Budget in line with Revenue proposals that it should be similar to the existing regime for self-employed pensions.

Taxes on drinks, cigarettes and petrol are likely to be increased. But the tax on cigarettes may go higher than the rise in the Retail Price Index (on health grounds), while the rate of increase for drink and petrol be under-indexed to slow down the inflation rate.

Lawson will also be anticipating that the threatened rise in the rate of inflation will also be cut short by lower interest rates, bringing a cut in the cost of mortgages. The extent of any reduction in interest rates depends on the reaction in the City as to whether Lawson has produced an election-winning Budget. But with heavy pressure already being exerted for another cut in base rates, it appears almost a certainty that interest rates will fall further after the Budget.

Getting the facts . . . fast

A COMPUTER disk that will give you an instant assessment of how you will be affected by changes announced in the Budget is being produced by Deloitte Haskins and Sells, the accountants.

It will be available the morning after the Budget, programmed to take Chancellor Lawson's proposals, and the effect they will have on an individual's financial circumstances, into account. All you do is feed in your personal details; the disk will tell you gains and losses resulting from the Budget, and what action you should take, if any.

The disk, which costs £5, can only be used on IBM personal computers or compatibles.

Why National Savings suspended its 32nd issue certificates

Just too much of a bargain

NATIONAL SAVINGS, the Government's retail funding agency, moved with surprising speed to suspend sales this week of its 32nd issue certificates, following the reduction in the bank base rate.

The 32nd issue of National Savings certificates, introduced last November, offered a guaranteed return of 8.75 per cent tax free over five years. The Government evidently took the view that this guaranteed rate represented too good a bargain at this stage with lower interest rates and the prospect of a further decline.

It was anticipated that a rush of money might be attracted at a time when National Savings is already drawing in bumper amounts; the January total of £410m was the bigegst figure since August 1984.

However, National Savings took the unusual step of keeping its options open by suspending sales rather than withdrawing the 32nd issue. This has happened once before and the issue was in fact relaunched on that occasion. Nevertheless, it is generally predicted that interest rates will come down again after the Budget, in which case the 32nd issue would probably be replaced with a new issue paying a lower guaranteed rate.

Meanwhile if you do believe that interest rates will fall, National Savings can still provide some very competitive products. The Deposit and Income Bonds are currently paying a gross rate of 12.25 per cent and this rate can only be varied after six weeks' notice has been given.

These are particularly attractive for non taxpayers, since the interest is paid in full although it is taxable. But even standard rate taxpayers may consider these bonds to be a good deal if interest rates are reduced, especially if the Chancellor does decide to cut tax rates.

At present the standard rate tax deduction of 29 per cent compares with the automatic composite rate tax (CRT) deduction of 25.25 per cent on interest bearing accounts in banks and building societies. But while a cut in the standard rate of tax to say 27 per cent, or even 25 per cent, would have an immediate effect, there is a time lag before CRT is reduced in line.

In spite of the 1 per cent cut in standard rate tax last April, CRT is being cut by only 0.5 per cent to 24.75 per cent effective from this April. So there could be a significant imbalance in favour of these National Savings products until new rates are introduced.

Minimum purchases of Deposit Bonds are £100, and Income Bonds £2,000, and you have to give three months notice of withdrawal to avoid loss of interest.

For a National Savings investment account, currently paying 11.75 per cent gross, the minimum deposit is £5 and you only have to give one month's notice of withdrawal. However the rate can be varied immediately, without giving six weeks notice first.

Building societies, who have been increasing rates paid to savers in recent months in an effort to increase retail funds to help finance the demand for mortgages, are expected to react slowly to any further cut in interest rates. So if you have some surplus cash immediately available that you would rather not tie up in shares or property, it is worth shopping around, especially at the building societies accounts offering instant, or quick, withdrawal of funds with no loss of interest.

The rates paid depend usually on the size of the deposit. But Building Society Choice in its latest issue recommends Bolton and Aid To Thrift societies (both paying 9 per cent net) as the best bets for small amounts, with few restrictions on withdrawals, while if you have a larger amount, Bolton pay 9.25 net with instant access on a minimum deposit of £10,000.

Similar rates are paid by several other societies, some with a minimum of only £5,000, but in those cases there are restrictions on withdrawing the whole amount. Town & Country, for example, give 9.50 per cent on a balance of £10,000 but you can only withdraw £5,000 without a loss of interest being incurred.

For the investor who believes interest rates are likely to stay low for a long time, Cheltenham & Gloucester have come out with a very timely new account. Its four year term share issue offers 10 per cent net interest on deposits of £5,000 and above. This rate will be fixed until June 1 as a special initial offer.

The Society also guarantees that the rate will be maintained at a minimum 4 per cent extra annual interest over its ordinary share rate (currently 6 per cent).

Of course there is no guarantee that the society's ordinary share rate will not be reduced to an uncompetitive level in future and it is a brave person who is prepared to lock money away for four years

J. E.

New shares service

SMITH NEW COURT, the London stockbroking firm, has formed a new division providing services exclusively for private investors. It will operate as an independent unit from its own offices, backed by a separate dealing team.

The newly formed subsidiary, Smith New Court Financial Services, will give advice on all aspects of financial planning. Its chief executive, David Grenier, said that so far the new market place after Big Bang on the London Stock Exchange in October, had benefited institutional investors and the corporate sector most. They aimed to redress the balance by improving the quality of service for private investors.

Kleinwort Grieveson announced this week that it was suspending its "no frills" ShareCall service which allowed investors to deal on the stock market at much reduced commissions. It is one of several discount services which after Big Bang was able to offer lower commissions for strict dealings only, with no research or advice provided.

The commission was the cheapest at only 1 per cent, although recently the company raised its minimum charge from £12 to £18.

However, it now says that volume of business handled by the group has become so great in recent months that it is no longer able to provide a proper service. Therefore it has decided to suspend ShareCall. It claimed to be handling 400 transactions a day.

Officially it ceased taking share purchase transactions on Friday, although some business was refused before then, according to investors. Sales transactions, however, will continue to be handled until the end of the current account period next week.

Hoare Govett, which was first in the field with a Dealercall service charging 1.25 per cent commission on bargains up to £7,000, said it had no plans to suspend the service.

Philip Coggan speculates on the Chancellor's Budget intentions

BES is facing more changes

WILL THE rules of the Business Expansion Scheme be altered yet again in next week's Budget?

Since the scheme was set up in 1983, Chancellor Nigel Lawson has tinkered with the qualifying requirements in order to encourage more risky ventures. In theory, the tax advantages that BES issues attract are justified because the ventures would otherwise have difficulty attracting capital.

However, after a plethora of safe, asset-backed schemes, last year's Budget disallowed companies with more than half their net assets in land and buildings. Despite the move, asset backing has remained an important selling point for BES issues.

So, one of the mooted changes the Chancellor might make on Tuesday is the disqualification of secured contracting companies. Secured contractors agree to do work for developers on deferred payment terms, but secure their fees by a charge on the land and buildings.

The effect is to give substantial aset backing without breaking the BES rules. A ban on such issues would seem sensible, not because they are in essence poor investments but because they do not really fit within the spirit of the scheme.

Two other possible rule changes have been whispered in the corridors of BES sponsors, neither of which seems logical or popular. One is to limit the size of BES issues to £1m. But such a limit would only increase the percentage of issues absorbed by launch costs.

It would also emasculate the scheme as £1m would not be enough to fund some of the more ambitious, and potentially profitable, projects; nor might it justify an advertising campaign aimed at the small investor. Companies might turn to private placings with institutions and that would probably drive out the more risky issues for which the BES was designed.

The other rumour is that schemes might be prevented from raising funds more than once. Again, this seems a bad idea. The second stage of growth is often the most difficult for new companies and it would be pointless to allow BES schems to fail merely because it proved difficult for them to obtain new funds.

There are not expected to be any Budget proposals about the vexed issue of sponsors' incentives. Following the column three weeks ago on that issue, Nicholas Miller of Guidehouse wrote in to justify sponsors' fees. "It is important to bear in mind that the amount of work which sponsors may be required to undertake varies from issue to issue," he said. "In some cases, the work may be potentially wholly abortive if for any reason the issue does not proceed to a public offer."

Whatever the Chancellor proposes, there has been no shortage of BES issues in the last week before the Budget.

Croydon Cable, sponsored by the indefatigable Johnson Fry, is an issue and a half. There are 11 directors including Jack Gill, the former chairman of ATV, and England cricketer Raman Subba Row; three classes of shares; and more than £2.2m of losses in the past financial year.

The A shares are owned by Cablevision, Crystal Palace Radio and Balfour Beatty; and the B shares by Alan Robinson, the managing director, Gill, Subba Row, Crystal Palace Football Club and Surrey County Cricket Club. BES investors are being offered the 5.5m C shares at £1 each.

What rights attach to the C shares? The TV station is, in fact, a joint venture between the company and Croydon Cable Partnership. All profits and losses will be absorbed by the partnership until the station has cumulative aggregate profits — around 1993. Thereafter, the C shareholders, if the offer is fully subscribed, will be entitled to 25 per cent of future profits.

A much smaller and less complicated issue is the Francis Frith Collection, sponsored by Minster Trust. Francis Frith was a Victorian photographer who vowed to take a pictorial record of every town, village and city in the UK. Although he died in 1893, his work was continued by heirs and successors.

The pictures are undoubtedly stunning, but the owners of the collection have so far been frustrated from exploiting the full commercial potential of the prints by the lack of capital for marketing and expansion. Accordingly, the company is asking BES investors for £1m via the issue of 1m shares at £1 each. Unusually, the issue carries no special options for sponsors or management.

Undeterred by the difficulty of the Edinburgh Tankers issue in raising funds, a new £1m shipping scheme, simply called BES Shipping, is on offer. The new company has agreed to acquire two dry-cargo vessels to operate on the coastal and short sea routes around the UK.

Finally, another hotel, this one located in Salford Quays, an enterprise zone in Manchester. The hotel, due to open in June, will be managed by a subsidiary of British Caledonian and the company, called Wharfside Hotels, is offering 1.85m shares at £1 each.

London's Queen Victoria Street in 1897, one of the Francis Frith Collection

Anglia beats the Budget

Society not deterred by possibility of alterations in PEPs, reports John Edwards

ANGLIA Building Society has gone ahead with offering a Personal Equity Plan in spite of the possibility of Budget changes being introduced on Tuesday for PEP schemes.

It has teamed up with London stockbroker Hoare Govett, which will act as plan manager. Investments, between a minimum of £600 and the top limit of £2,400, are payable as a lump sum or in monthly instalments.

Charges are quite steep. You pay an initial charge of £25 in the first year (reduced to £15 in subsequent years); a one per cent annual management fee; and £3 for each share purchase up to a maximum of £12 a year. Investment will be confined to a limited range of stocks plus authorised unit trusts.

So far only a few building societies have decided to offer PEP schemes. But the Good PEP Guide, just published by MoneyGuides, gives top marks for clarity in presentation of costs to the Bradford & Bingley Society.

The guide says the range of costs is "enormous," with the cheapest-to-run PEPs costing little more than £100 over three years; the most expensive, £500. It comments that managers of schemes with the most expensive costs will have to turn in some quite good investment performances over the shortish term to overcome the effects of their high charges.

Chase de Vere Investments, the London financial adviser, has updated the March edition of its PEPGuide to provide details of 77 different schemes being offered by 42 groups. This compares with only 16 schemes, from nine groups, covered in the first edition last December.

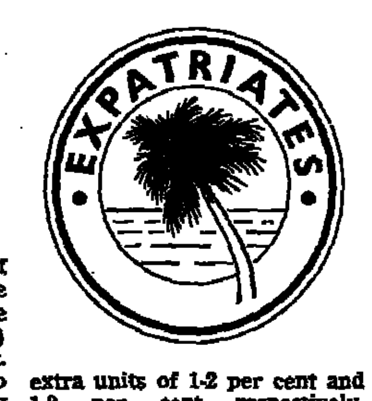
Robin Bloor, of Chase de Vere, argues that there is a strong case for further concessions to the PEP schemes being included in the Budget next week. He said the three main areas to be considered are: increasing the amount that can be invested; increasing the proportion allowed to be put into unit trusts; and allowing tax relief on the annual investment.

Barclays, in its recent PEP bulletin, claimed that the UK scheme is competitive over a longer period with the French Loi Monory plan, which gives tax relief on the investment rather than the profits made.

It estimates that over a 10-year period a single £2,400 PEP plan would generate (at current rates) a tax saving of £740 for a basic rate taxpayer, compared with an equivalent Loi Monory saving of £700. If a PEP plan is opened annually for the next 10 years, the total £24,000 invested would benefit from tax savings altogether of £3,250.

No need for a PEP

Those living abroad can get far greater tax benefits than the rules at home allow, says Donald Elkin



ONE IMPORTANT group of Britons were excluded from the tax reliefs provided by the Personal Equity Plan (PEP) announced in last year's Budget. They are the 2m or so citizens living and working abroad who have thus ceased to be UK residents.

But even if you are excluded by reason of residence overseas, you need feel no concern, since your personal status will guarantee far more tax benefits than the PEP rules allow. You are not restricted to the maximum PEP investment of £2,400 per annum, nor is your tax relief contingent upon keeping the funds invested for a minimum twelve month period. By the simple expedient of investing outside Britain, you can ensure that no UK tax is payable on any of your investment income or gains.

Furthermore, this need not involve you in dealing with unfamiliar organisations, since many of those same managers who have recently launched PEPs also offer Expatriate Savings Plans (ESPs) via their offshore subsidiaries. As the table (which is not exhaustive) shows, there is no shortage of well known management groups offering this service and many linking funds are available. However, contrary to the requirement for PEPs, none of these plans offer direct investment into equities.

Most importantly, effecting an ESP involves you in no continuing commitment whatever. Some managers are even willing to receive irregular payments and in every case you can terminate your subscription at any time without penalty. Indeed, two groups — RBC and MIM Britannia — encourage regular contributions by providing bonuses of extra units of 1-2 per cent and 1-3 per cent respectively, according to the period the regular investment has continued.

Naturally, you must bear in mind that resumption of resident status in Britain will end your special treatment and that accrued capital gains should be realised or "bed and breakfasted" before you return.

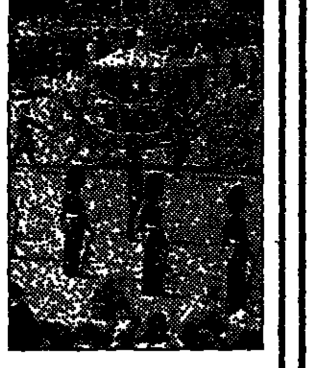
Crown servants are the only non-residents who can invest in both PEPs, a recognition, no doubt, that their salaries remain liable to tax. Unless a home posting is many years away, they will usually do well to take up their maximum entitlement so as to preserve the future tax benefits on the funds which will by then have accumulated. But any surplus savings can be allocated to ESPs, for the fact is that non-resident Crown servants are entitled to the same exemption from tax on capital gains and overseas investment income as any other expatriate.

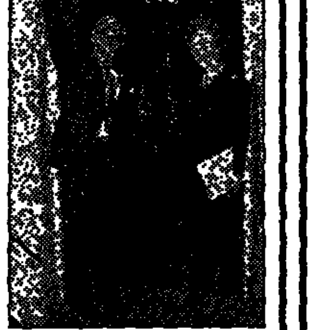
Husbands and wives need special consideration too. Many families working overseas retain accommodation for their use in Britain and in these circumstances regular home visits by a partner without full-time overseas employment usually will result in that one being considered ordinarily resident in the UK. While the non-resident partner should allocate his savings to ESPs the resident, as in the case of the Crown servant, might be better off in a PEP if return to the UK is expected in a few years. But if repatriation is many years away, and anyway for excess savings, an ESP might be the answer. For while the resident spouse is liable to tax on capital gains and overseas investment income, few will exceed the annual exemptions of £6,300 and £2,335 respectively.

EXPATRIATE SAVINGS PLANS

Management group	Minimum monthly subscription £	Minimum monthly subscription $	Number of funds
Allied Dunbar	100	150	6
Fidelity	250	300	11
Framlington	50		3
Gartmore	100		20
Guinness Mahon	250*		19
Henderson	100	200	15
Hill Samuel	100		19
MIM Britannia	50	100	28
NM Rothschild	20		5
Perpetual		200†	5
Providence Capitol	100		15
RBC	200	300	5
Save and Prosper	50		12
Schroder	100		19
Tyndall	100		5
Wardley	100	100	5

* Minimum initial investment £1,000.
† Minimum initial investment $2,000.





FINANCE & THE FAMILY

Interest rate cut triggers a war

THE SURPRISE cut this week in the base interest rate, from 11 to 10.5 per cent, immediately triggered off a minor mortgage war.

Midland Bank took the initiative by cutting its home loan rate by a whole percentage point from 12.5 to 11.5 per cent. It followed this up with a special offer of making £500m available on a first come first served basis for endowment and pension mortgages of £35,000 and over, at a fixed rate of 10.2 per cent (APR 10.6) for three years. After that, borrowers can decide whether to have a further fixed rate loan (at the rate then being charged) or switch to a variable rate of interest. There is an arrangement fee of £100.

Midland, even before the interest rate reduction, had made it plain that it was seeking to expand its share of the mortgage market by launching the HomeOwner plus package, available to June 30, giving various extra inducements. These include three months free buildings and contents insurance; a 2 per cent interest rate discount on its HomeOwner Reserve account for a 12-month period; a facility with Access to borrow up to £3,000 for three months, following agreement of the mortgage, to assist with the expenses incurred while moving house; and a free Securikit, with a home contents marker and ultra violet lamp with related insurance policies.

Midland said the package would be backed by over £1bn of fresh funds.

However Lloyds Bank quickly countered by offering £300m worth of fixed rate mortgages, also at an interest rate of 10.2 per cent for the period to June, 1990. The special deal is available only for home loans with an endowment insurance policy taken out via Lloyds or its estate agency subsidiary, Black Horse.

John Dawson, director of Lloyds UK retail banking, noted that the bank's last spring of £200m of fixed rate mortgages at an interest rate of 9.9 per cent had been sold out in three weeks.

This year, however, the situation is somewhat different. It is widely anticipated that interest rates will be cut by at least another 0.5 per cent, and probably more, after the Budget, which would in turn trigger a general downward shift in home loan rates.

No one has yet followed Midland's move to cut its basic home loan rate. Other lenders say there is little point in acting at this stage, since they would prefer to wait and see the extent of the expected decline in interest rates.

Building societies are particularly reluctant to follow the decline prematurely. Demand for mortgages remains strong, and the societies are having increasing difficulty in attracting sufficient new funds to finance extra home loans from the retail market. Last year the shortfall in funds was met in many cases by societies either reducing their liquid assets or borrowing more from the wholesale market. But this cannot continue on the same scale.

It seems likely, therefore, that the banks will become increasingly competitive and set the trend in cutting the cost of home loans.

Halifax Building Society, while maintaining its mortgage rate of 12.25 per cent for the time being at least, has introduced a package of home loan products aimed particularly at the first-time buyer.

Its new working life mortgage enables the cost of borrowing to be spread over the whole of your working life until retirement. Main benefit of the extended period, especially for younger people, is that there is a reduction in monthly repayments.

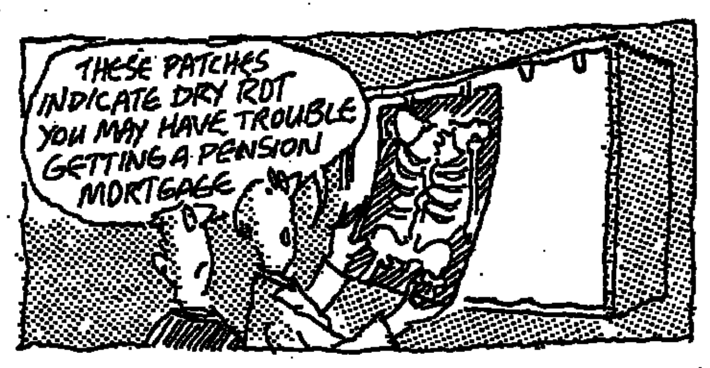
You are also guaranteed an additional mortgage, as and when required. By moving from a conventional 25-year period to a longer terms mortgage, monthly repayments can remain relatively unchanged when borrowing more.

At the other end of the scale, London banker Brown Shipley and Co, has introduced a specialised facility for sophisticated borrowers, known as the Executive Mortgage Scheme, which allows you to take a view on interest rate movements. You can select a mortgage interest rate at 1 per cent above Libor (London Interbank Offered Rate) for a short-term period of 90 to 180 days, or for a longer period up to five years ahead.

Minimum home loan under the scheme is £50,000 and it will normally have to be repaid either by a matching endowment policy, although pension contracts will be considered.

J. E.

Employees set to benefit



STANDARD LIFE, one of Britain's biggest life assurance companies, and Bacon and Woodrow, a leading firm of consulting actuaries, both lobbed a quiet bombshell this week into the rapidly changing pensions market.

The cause of all the excitement was each company separately announcing details of a new plan to offer pension mortgages to members of company pension schemes they control.

Pension mortgages—a very tax-efficient way of repaying a home loan—are now widely used by the self-employed.

But, until now, they have rarely been offered to employees who belong to a company scheme. Quite simply, paternalistic pension fund managers have argued that it is not in the employee's own best interests to use his or her pension to pay off a mortgage.

Building societies have taken a similar line. They enthusiastically sell pension mortgages to the self-employed, but tend to be ultra cautious with employees, though a few societies (such as City of London) are now prepared to offer them pension mortgages.

This attitude could now be changing—thanks to the new personal pensions which will be available from April 1988 under the Government's Social Security Act.

Employees can contract out of their company's occupational pension plan, and can then use personal pension contracts to secure mortgages in respect of contributions above the minimum protected rights.

That will give personal pensions contracts a competitive edge—unless life assurance companies, employers and trustees and other big pension providers take the plunge and offer pension mortgages to members of company schemes.

On Wednesday, Standard Life said it would bring in a pension mortgage scheme for the 2,500 company schemes which it administers, whether on a money purchase or final salary basis. At the same time Bacon and Woodrow revealed details of a scheme which will be available to the 1m employees in those self-administered company pension schemes to which it is the consultant.

This is an important development. It gives an aura of respectability to pension mortgages for employees on a universal basis. In addition, other life companies, consulting cies will be under pressure to follow these leads.

Both Standard Life and Bacon and Woodrow say that a company final salary pension scheme is the best means of providing pension benefits for the vast majority of employees.

This view is not unexpected from Bacon and Woodrow who are consultants to company pension schemes, but may seem a little surprising from Standard Life, a leader in the individual pensions field and a company that could be expected to benefit from personal pensions.

Standard Life is launching a countrywide communications exercise to explain the new pensions environment in April 1988 to its clients, and setting out the advantages and disadvantages of personal pensions and company schemes.

But, as executive Tom King explained, Standard Life does not want to see any employee at a disadvantage because they elected to stay in company schemes, rather than take personal pensions. Thus it is setting up the pension mortgage facility.

Bacon and Woodrow is already briefing clients on the new pensions environment in a series of seminars. It is emphasising that companies will need to respond to stop employees walking out of the company scheme.

Some consultants are already offering a pension mortgage service to clients on an individual basis. Michael Head, UK mortgage manager of consultants Mercer-Fraser, has for some time been arranging pension mortgage schemes when client companies approach his firm for such arrangements.

These are tailor-made to the client's individual requirements—possible the right approach when there is no pressure from a vast number of clients needing such schemes.

But April 1988 is not all that far away and suddenly consultants could be faced with a flood of inquiries. The off-the-peg schemes from Bacon and Woodrow and Standard Life can deal with these requests quickly.

Eric Short

Success story

LOW INITIAL charges, and a highly individual way of managing funds, has brought rapid growth in a short time for Global Asset Management (GAM) which has just launched its 31st fund—a UK Special unit trust.

GAM was founded only four years ago, in April 1983. It now manages some £1.75bn, of which £1.4bn are in funds. The growth, with offices in London, Hong Kong and Zurich, has close connections with Jacob Rothschild. His company, Rothschild Holdings, has a 30 per cent stake, and he is chairman of GAM.

Another Rothschild director, Nils O. Taube, is deputy chairman. The largest stake in GAM, however, is held by Gilbert de Botton, who was previously with the Rothschild Bank of Zurich, but wanted to try out new investment methods. The basic philosophy is to pick managers, with a proven track record, to run funds with a low cost structure.

GAM relies almost primarily on fees for its profits. All its 25 offshore funds have no initial front-load charge. There is no bid-offer spread. The price quoted is a single one based on the net asset value at the time. Unlike most other no-load funds GAM does not recoup the initial charge by having higher management fees. Its annual fees are the normal standard rate of about 1 per cent of value.

There is a front-load charge on the group's onshore UK authorised funds, including the new UK Special trust, but it is only 3.25 per cent compared with the normal 5 per cent. Andrew Green, who will be managing the new trust, says he will be taking a "contrarian" policy, seeking to take longer-term opportunities out of a market obsessed with instant performance.

Green already runs GAM's Sterling & International Fund, which is second only in the three-year performance tables (International sector) to Bishopsgate Progressive, which is run for Rothschilds by Taube. GAM Worldwide, the group's largest fund, is also managed by Taube.

Pursuing the concept of picking the best investment skills, GAM chooses its fund managers from three sources: in-house (like Green); associated (like Taube) or "imported" where a particular individual is selected to manage a particular fund or funds.

The group likes to use the analogy of cooks and waiters. The "cooks" are the fund managers, who are allowed to concentrate on their assignment without necessarily having direct contact with the ultimate customer, while the waiters are the GAM management team which deals with investors and decides the allocation of money received to the various funds available.

They are great believers in funds being the most suitable vehicle for investors. If you want an individually managed portfolio you would have to have a minimum of $5m. But you only need buy 1,000 units to participate in the group's fund. The UK Special unit trust is available at a fixed price of £1 until Monday, so the minimum outlay is £1,000.

John Edwards

Linda Lennard explains new maternity pay provisions

Small benefit to women

NEXT MONTH will see the introduction of one of the first major changes to State benefits resulting from the Social Security Act 1986. Most of the measures in the Act are not due to take effect until next year but the maternity benefits system is set to change radically from April 6.

A new system of statutory maternity pay (SMP) will replace existing maternity pay and maternity allowance for most working mothers — though if a baby is expected before June 21 entitlement to maternity allowance or maternity pay will depend on the existing rules.

SMP will be administered by employers, not the DHSS, just as they now run statutory sick pay (SSP). There have been criticisms of this transfer of responsibility. Employees of small firms or in part-time jobs have been particularly at risk with SSP because of errors in payment or ignorance about entitlement. And many employers are worried about the time and costs involved in administering yet another scheme, which is even more complicated than statutory sick pay.

To qualify for SMP you will need to show:

● That you have worked continuously for the same employer for the 26 weeks up to and including the 15th week before the week the baby is due;

● That your earnings over the last eight weeks of those 26 weeks are not below the lower earnings limit at which you are liable to pay national insurance contributions (£39.50 from April); and

● That you are actually working for the employer up to and including the 15th week before the baby is expected.

Other rules you will need to satisfy: you must give your employer at least 21 days notice before you leave because of pregnancy, or must give notice "as soon as reasonably practicable" which has been left to the employer to define.

You also have to provide medical evidence of the expected week of birth 14 weeks beforehand, generally through a Maternity Certificate (form Mat B1) signed by a doctor or midwife, or a written statement signed by either if your employer will accept it. If the baby is born earlier, you'll need to show this certificate or the birth certificate.

SMP will be payable for 18 weeks altogether. There is a fixed core period of 13 weeks starting six weeks before the baby is due; with the remaining five weeks, you can choose to tack them on at the beginning or end of the 13 weeks, or split them between.

SMP will be paid at two rates. The higher rate, set at nine-tenths of your average weekly earnings, will be paid for the first six weeks. To qualify, you must have worked continuously for the same employer for 16 or more hours a week for at least two years, or for eight to 15 hours a week for at least five years.

The lower rate—£32.85 a week—will be paid for the remainder of the period. If you don't qualify for the higher rate, the lower rate will be paid throughout.

SMP should be paid when your salary would normally be paid and in the same way. It is also subject to deductions for National Insurance contributions and income tax.

If you are refused SMP by your employer and you disagree, you are entitled to appeal to the Adjudication Officer at your local DHSS office. And although employers can use any occupational maternity pay to offset against SMP, they will not be able to use the rules of the occupational scheme when paying SMP. The DHSS sets the rules for SMP.

Women who are self-employed or do not qualify for SMP may be able to claim maternity allowance. They will have to show they have worked and earned enough to pay National Insurance contributions for at least 26 of the 52 weeks ending in the 15th week before the birth.

It will be paid at £30.05 a week for the same period as SMP.

Women who are not entitled to either benefit can claim sickness benefit for nine weeks, starting six weeks before the week the baby is expected. But to qualify they must have paid or been credited with National Insurance contributions on earnings of at least £1,775 in the tax year 1985-86.

Next month will also see the abolition of the universal £25 maternity grant, and of supplementary benefit single payments for baby goods. They will be replaced by a flat-rate means-tested grant of £80 from the new social fund. The average supplementary benefit single payment for baby goods was £85 in 1983, so this is effectively a cut for many women.

It is estimated that approximately 94,000 women will lose out because of the changed rules on maternity allowances, especially those who gave up work more than a year before claiming, while only 20,000 are expected to gain. Many women are also expected to lose out because of the complicated service conditions for SMP and the transfer of this scheme to employers.

Advice and information on the new maternity benefits are available from DHSS offices, from Citizens' Advice Bureaux or from the Maternity Alliance at 59 Camden High St, London NW1 7JL.

Pensions linked to units

WHEN THE self-employed come to draw from their pension contract, they usually select a level annuity offering the highest initial income. Effectively, they are switching from equity or mixed fund to a purely fixed interest investment, and lose out on future capital growth.

This week, the life assurance operations of Framlington—one of Britain's top unit trust groups—joined the small band of companies offering annuities where the payment is linked to a unit fund. As the unit price rises, so does the annuity payment.

Most unit-linked annuities are complex and difficult to understand. Framlington has set out to make the operation as simple as possible.

The self-employed person invests his pension cash in units of Framlington's Managed Pension Fund, with the number of units secured relating to the offer price. The initial pension secured relates to the bid price, and each month the amount of pension varies with that bid price.

The individual does not have units physically allocated. Instead, the unit prices are used to determine the amount of the pension payment each month and the cost to Framlington. There is no question of units running out before the individual dies.

The weakness of this system, which Framlington makes no attempt to disguise, is the low starting value. For a man aged 65, £100,000 cash will now buy a starting pension of £489.71 a month. When unit prices fall, the pension payment drops.

The strength is that, over the long term, the pension should rise faster than inflation and preserve living standards. The fund has risen 60 per cent in two years.

Eric Short

Throw off your chains

Eric Short tells how you can avoid the cost of a bridging loan when you can't sell your house quickly.

A PRIME cause of frustration when moving house is delay—particularly delays when one householder in the "chain" cannot sell his or her house.

The classic means of avoiding delays when a householder cannot sell is to get a bridging loan to buy the new house, which can impose a serious drain on the householders' cash resources. He or she is effectively servicing two mortgages.

Any alternative is for a third party to buy the house which cannot be sold, and for that party to undertake to resell the house. So far only a very few such schemes are available to householders; the most notable is the one offered by the Prudential Assurance under its mortgage scheme.

Now Homequity, the UK's leading relocation and property services specialist, has launched its scheme under the somewhat grandiose name of Goldlink Chainsaver.

This service operates through estate agents—the logical outlet through which to handle unsaleable houses. There are 750 independent estate agents in the national Homequity network, with some 2,500 offices.

The scheme operates like this:

● Two independent valuations of the house are made, one undertaken by the Homequity network agent concerned.

● From these valuations the open market value of the house is calculated, and the estate agent advised of the figure.

● The estate agent makes an offer to the houseowner, which will usually range between 88 and 92 per cent of the open market value of the property.

● This discount may seem harsh, but there is a softener: the estate agent meets all fees—usually amounting to 2½ to 3 per cent of the value.

● The chain is now freed because the estate agent becomes responsible for selling the property.

The finance for buying the house is provided by Homequity to the estate agent in the form of a loan, with interest at 1.5 per cent over Libor (London Inter Bank Offered Rate).

The estate agent thus has a financial incentive to sell the house quickly. The longer it remains unsold, the more the costs eat into profit on the eventual sale of the house. The breakeven point is about 17 weeks. If the house is unsold after this time the agent loses money.

This scheme is available wherever the Homequity sign is displayed in an estate agent's window. But it is up to the agent to decide whether to offer the service.

There are, too, some important features that housebuyers need to keep in mind.

First, if the open market value is well below the original asking price of the house, the houseowner should at least ask the estate agent why he advised such a high price in the first place. Delay in selling a house is often because the initial asking price is set too high.

Second, if, on using the service, the estate agent sells the house quickly, the housebuyer can reasonably question whether the agent really tried to sell it from the outset. The life companies and banks now buying estate agency chains all profess to be astonished at the general lack of marketing ability among estate agency staff.

Homequity itself regards this scheme as one to be used only in extreme circumstances — such as a deal falling through at the last moment — rather than standard sales procedure. It adds to the services offered by estate agents. Used indiscriminately, it could expose the housebuyer to some doubtful estate agency practices.

• FINANCE & THE FAMILY •

Bang go small deal blues

Doubts about dealing in small company shares have proved unfounded, says Kevin Goldstein-Jackson

DURING the "run up" to the Big Bang, it was widely believed that it would be more difficult to deal in the shares of small companies after its arrival.

Indeed, even the much respected Equitable Life stated in its September 1986 report to investors in its Special Situations Trust: "The managers believe that some of the shares in smaller companies may become more difficult to buy and sell over short periods of time, and it was therefore decided earlier in the year to switch some of these holdings into more marketable securities."

I have always had quite a large proportion of my portfolio invested in small companies and I was naturally concerned that after the Bang I might have too many shareholdings which it would be difficult to liquidate easily.

So, in September I sold all my shares in Ernest Jones (Jewellers) and in J. E. England and put on the market part of my shareholding in British and American Film Holdings.

Fortunately, I retained a number of my other small company investments as, contrary to earlier expectations, a recent Stock Exchange survey has shown that it is now actually easier to deal in shares in such companies.

For example, the British and American Film Holdings shares remained on offer for most of September and October before I withdrew them as no one appeared to want them. On January 21 I asked a broker to sell some of them for me and he was able to do so that same day for 365p (they had cost me 183p in July 1985).

I now wish I had retained my Ernest Jones and J. E. England shares, as they have increased in price greatly since I sold them.

As well as easier dealing in small company shares, the Big Bang has brought a number of other benefits to private investors. This, again, is contrary to earlier expectations as it was at first thought to be of benefit mainly to institutional investors.

One of my brokers introduced an "0800" phone number so that he now pays for my calls to him: a great benefit. He also reduced his commission rates to 1.5 per cent on the first £8,000 and 0.5 per cent thereafter. Other brokers have made even greater reductions in their commission rates to private investors—especially if investors just want to deal and do not want advice or research reports.

For example, if private investors shop around they can find brokers willing to provide a deal-only service for £7 on deals up to £249; £10 for £250 to £499 deals; £13 for £500 to £783 deals; £15 for £789 to

Investors' Tales

£1,500 deals; 1 per cent on deals from £1,501 to £10,000; and a flat rate £100 for deals from £10,0001 to £20,000. This compares with the standard 1.65 per cent pre-Big Bang commission rate.

One of the two brokers I use has also taken as an equal partner a firm of Australian brokers, which means I now receive details of some Australian new issues which I would otherwise never have known *about*—although, as yet, I have not invested in any of them.

Since the Big Bang, both brokers have reported much increased business — but this, especially with the recent privatisation issues, has caused problems with their accounting systems. One broker paid me twice for the same share deal while the other forgot to pay me for some shares I had sold and I had to remind him twice before the money arrived.

However, they are both taking steps to improve the situation. One told me: "After the total nightmare of TSB, trying to match allotment letters with deals, with some people not even phoning but simply putting their allotment letters through our box, we now have a separate mini-computer system to deal solely with privatisations. British Airways, therefore, caused us no problems at all as it was on a completely separate accounting system instead of cluttering up our main computer."

Hopefully, as competition among brokers increases still further, there will be yet more benefits for private investors.

Christine Stopp compares unit trust performances

New funds boost old theory

THERE'S AN attractive theory in the unit trust industry that new trusts always perform particularly well. More than one broker actually operates portfolios based exclusively on new trusts—reputedly with some success.

The theory is enticing for the private investor who is looking for a "magic key" to choosing winners. But is it all it's cracked up to be? In our table we have taken a look at all the new trust offerings from February 1986 which have just completed one year since launch.

We have taken figures over one year and six months, showing the sector ranking for each fund as well as the respective sector averages.

Given the varied sample, the table looks quite encouraging as *support for the new funds* theory. Of 24 results shown, only six are below the relevant sector average. Only one trust, West Avon British Extra Yield, has performed poorly over both periods shown, and the table contains two of the industry top five trusts over one year: Pegasus Pacific and Sentinel European Income.

The honours must go to Sentinel and Scottish Widows, which are also much the two largest groups represented. Sentinel, in particular, can congratulate itself on two Europe trusts which have been right at the top of their respective sectors. European Income showing 19.1 per cent growth over six months compared with a sector average of only 11 per cent.

Even in February 1986 it was being commented that groups only just launching European funds had missed the boat. It is true that European markets have been dull of late, but this doesn't seem to have prejudiced *latecomers like Sentinel*, or the Pegasus Europe trust, which vies with its Sentinel counterpart for top place in the sector.

Sentinel's European fund manager, Suzanne Terner, in putting together her portfolio, took a bold view on asset allocation somewhat contrary to the current received wisdom. She put her unitholders' money on the smaller European markets like France, Spain and Belgium, going for high yield, weaker currencies and markets which were lagging behind the general trend.

Did the fact that she was running a new fund help? She was not convinced, pointing, like others managers, to the interplay of cash flow and market movement in managing a unit trust.

If a new trust is launched in a rising market, the manager finds himself at a disadvantage. To keep fully invested he has to get in as fast as possible, buying whatever stocks he can get *his hands on, so as not to* miss out in performance terms.

If, on the other hand, markets are falling, a manager can husband his incoming cash flow without worrying about underperforming, meanwhile "sitting back and making the right decisions."

Of course, this can only be an advantage to a certain degree. If a real bear market sets in, there is nothing a manager can do—he still has to get the bulk of the money invested.

David Ritchie of Scottish Widows is also dubious about the advantages of new funds. One element of the new funds theory is that they start life with a "clean slate" — that is, with a high percentage of good stocks, as opposed to the number of dull performers which may accumulate in an established fund. Ritchie feels this may give "a slight head start," though the effect can only last for a month or so before *"inertia creeps in."*

Windsor's Convertible and Equity trust, which looks disappointing over one year but better over six months, suffered from precisely the problem already mentioned: it was launched at a period of strongly rising markets.

However, David Lis, Windsor's managing director, points out that it is artificially prejudiced in our table by being shown in an inappropriate sector. If, like the similar Prolific and Framlington funds, it was shown in the Fixed Interest Income sector, instead of Mixed Income, it would have been second over a year, and an easy first over six months.

To add to its troubles, it suffers from a further problem affecting new trusts: the fixed offer period. If a trust is launched with a three-week fixed offer period, it will not be invested until after the launch period ends. If the market is rising strongly during that time, the new fund is deprived of almost a month of good performance.

NEW THUSTS' PERFORMANCE TO 3/3/86
OFFER-TO-BID, INCOME REINVESTED

	1 yr. Grth. %	1 yr. Ranking	1 yr. Sector avge. %	6 months Grth. %	6 months Ranking	6 months Sector avge. %
Pegasus Europe	47.1	3	28.4	7.6	4	−1.9
Pegasus Global	34.5	21	26.5	6.6	64	8.1*
Pegasus N. Amer.	11.6	46	11.5	2.3	62	3.2*
Pegasus Pacific	101.5	2	59.9	6.8	42	14.2*
Pegasus UK H. Inc.	37.5	12	29.4	15.8	45	14.7
Sentinel Eur. Inc.	98.9	1	18.8	19.1	1	1.0
Sentinel Eur. Gth.	56.0	2	28.4	6.4	7	−1.9
WestAvon Brit. X Yield	11.4*	108	29.4	5.7*	110	14.7
WestAvon Brit. Sm. Cos.	43.3	32	33.9	23.9	27	17.9
Windsor Cnv. & Eq.	17.8*	17	24.9	13.0	8	10.7
Windsor Growth	40.6	38	33.9	27.6	11	17.9
Windsor Income	34.6	24	29.4	18.9	17	14.7

Results asterisked are below their sector average for the period shown.
Source: OPAL

Contract changes for pensions

ERIC SHORT examines new schemes for the self-employed as building societies move into pensions

THE traditional with-profits pension contracts for the self-employed follow the standard format of quitting the value of benefits at retirement age.

For pension contracts, this has a certain logic in that self-employed people cannot touch the assets until they *reach the retirement* age band.

However, there is a growing demand for deposit style contracts where the investment grows steadily in money terms and its operation is based on its current value, not the value at retirement—that is a tax-exempt deposit style contract.

This type of policy, based on current values, will almost certainly grow in popularity from next year when investors will be allowed to move their pensions *from one institution* to another.

The basic format for this type of contract is as follows, with variations on the theme between life companies.

It operates on a straight deposit contract. The investor pays his money into the contract and interest is credited periodically. Here this interest credit can work in two ways.

It can be on a fixed rate basis, like a building society account, with the interest rate predetermined and changed periodically as interest *rate levels* change. The only difference with a normal society share account is that the interest rate is on a gross basis.

This building society style will have fixed interest stocks as its underlying investments. So far this type of contract has not proved popular with the self-employed probably because it has not been marketed aggressively. Now that building societies themselves will be able to offer these contracts direct as from April 1988, their popularity is likely to increase.

Alternatively there is the with-profit deposit administration style with a guaranteed interest rate at a low level, around 4½ per cent, to which is added a bonus interest rate once a year.

This will depend on the investment performance of the underlying fund of fixed-interest, equities and perhaps property. The actuary, as usual, in making his declarations will smooth out fluctuations in the investment returns.

Under both styles investors will be given statements of the current worth of their pension policies. But if they are making proper pension provision and planning ahead they need some idea of its worth at retirement. Life companies, if asked, will provide projections on future benefits on existing contracts—necessary information to enable the investor to plan ahead.

Weekend Business

Business Services

Businesses For Sale

Businesses Wanted

هكذا من الأصل

John Brennan meets the new supremo at the Pru

In pursuit of loyalty

Joe Bradley, taking over property for the Prudential

"I DON'T BELIEVE that financial services' 'supermarkets' as such will ever be viable," says Joe Bradley.

Anyone who has listened to the arguments of the independent estate agents would find that an odd comment coming from the new managing director of Prudential Property Services (PPS).

Independent agents happily explain—often in positively gothic detail — their vision of the property world of the future being populated by two classes of agent.

In the blue corner, holding the ring for free enterprise, entrepreneurial standards of service, professionalism, and for all the virtues of specialisation in home sales, they see their fellow independents. In the other, corporation-grey corner, they picture the serried ranks of the national chains, their offices staffed by demotivated company men clocking on for 9-to-5 days spent stacking the shelves with the latest financial products from head office, or selling life policies alongside computer print-outs of properties they have never seen.

No matter how hard Lloyd's Black Horse or Allied Hambro, the building societies, or the insurers protest that they're in business to sell houses, the independents retain this nightmare vision of national chains of financial supermarkets selling an occasional property at discounted commissions to draw in new savers and policy holders.

Joe Bradley dismisses this simplistic vision out of hand. Prudential Property Services will be in the financial service sales business, but it won't be. be able to cross-sell other services if it doesn't get its house sales business right. "Handling a home purchase is an obvious first point of sale contact, and it is inevitably a trigger for some financial services—obviously in most cases people want a mortgage, and they need insurance. But that doesn't mean that you would expect to sell Prudential brands to everyone who buys a house. The success of the business lies in what proportion of customers see Prudential services as best for them."

Bradley points to the Pru's home sales force as the way of capitalising on the sales contacts without putting staff into agency offices to sell insurance or pension plans to customers who want to trade property, not savings plans. "That's our strategic advantage, because there already exists this effective sales operation which can pick up referrals from the house agency side."

No "one-stop" financial centres then, but certainly "one-stop" house sales offices with the £140m spent by the Pru on acquiring 373 outlets still seen as only part-way to a full national coverage of offices offering relocation and chain-breaking services for buyers, and with all the marketing of national and regional TV campaigns to help establish a "brand" image for the agency. "There is enormous brand loyalty in financial services," says Bradley. "People give a lifetime's loyalty to a company they feel comfortable with.

"There is no such loyalty in the estate agency world at the moment, and while you do have a lot of well motivated—if not always well-trained — people, customers haven't had the national networks where they can be sure that they'll get a consistent standard of competence and quality of service wherever they are in the country."

Bradley, now 46, has helped to build a national branch network before. In the 1970s, after some years with the sales and marketing side of Unilever, he was involved in the Nationwide's branch-building phase as one of the building society's general managers. Rather than wait his turn for a shot at the top job at the Nationwide, he took the managing director's chair at the Town and Country Building Society in 1981.

Bradley formally moves over to the Pru in June, allowing time for Town & Country to find its new chief. By that time the design group Fitch & Co should have submitted its proposals for a complete redesign of the interiors of the agency offices, and Bradley would expect to be a little nearer his rough target of "perhaps 500 to 600 offices, to get a full national coverage."

As for the commission war every independent agent expects to see as the national chains fight for market share, Bradley doesn't expect to be the one to start it: "Commission rates have been squeezed down across the country and I believe that a better way of building on the business we have is by constantly improving the quality of the service we provide.

"I don't want to run a regional steamroller over the competition. I don't think that is the way to develop business long-term."

Offshore Ireland

THE PROPERTY market in Ireland has been neglected too long, according to John Inge, Knight Frank & Rutley's country residential partner. The parlous state of the Irish economy, the troubles in the North, and the spate of kidnappings of the late 1970s, have combined to send country house prices sliding. Outside the Dublin commuter belt, and the rather weaker, but still lively market for good properties in and around Cork, Ireland has become a buyers' market, with plenty of scope for bargaining on prices.

As far as international buyers are concerned, "there have been some more enquiries, but I wouldn't put it much stronger than that," says Inge. Nevertheless, as he says, "just looking at some of the comparisons with English properties you do get so much more for your money that perhaps it is time people started to look again.

KF & R have, for instance, one of Ireland's grandest houses on their books in the 300-acre Straffan House estate. Twenty miles along the River Liffey from Dublin, and coming with everything from its own stud farm to indoor swimming pool, that estate is on the market for £3.5m. As Inge says, an estate of that standard a similar distance of London would be worth £10m or so.

Jim Deegan, who has opened a London office for the Irish agency Keane Mahoney Smith, quotes prices a third to a fifth of their English equivalent—a 19th Century rectory 40 miles from Dublin for £50,000; an early Georgian house in eight acres of lawn and paddocks outside Cork for £175,000, and a late Georgian mansion nearby for £190,000—even a castle on its own 310 acre island for £600,000. The price differential is now such that Deegan claims to have a lot of enquiries from UK homeowners cashing in their properties to retire across the water.

J. B.

Overseas Property

London Property

Rentals

Country Property

New Homes

Country Property

Land For Sale

London Property

Rentals

• PROPERTY •

John Brennan travels to Hampshire and finds that London prices are heading west

Down in the Forest, the market stirs

"WE ARE AT the end of a wealth corridor that runs out from London, and it does sometimes take people a while to get used to the idea that, although we are a couple of hours' drive from town, prices are by no means cheap."

Stephen Montague-Jones at the Lymington office of Jackson and Jackson (0590 75025) operates along the Solent shore in the narrow, prime residential belt south of the New Forest. Like other agents in the area, his main problem is finding enough properties to meet the demand from week-enders, from an increasing number of commuters, and from people who want to retire to the area.

The incomers, says Montague-Jones, quite often arrive with an unrealistic idea of what they can buy. "We do get people who come in, show us a photograph of their house in Sussex or Surrey or Kent or wherever, and say that they want to get the equivalent around here.

"What they do not realise is that when their houses were being built a couple of hundred years ago, they were not building that kind of thing around here. This was a very poor area, and there are only a limited number of major properties.

"What tends to happen is that people sell their, often fabulous, country houses or their place in London, and buy a quite ordinary property in Lymington. They are really moving for the sailing, or for friends . . ."

That's the key to the incomers' market in the New Forest. People moving there do so to buy the lifestyle, rather than being drawn by any broad choice of properties.

As Paul Stickley of Elliott and Green in Lymington (0590 77222) says, the days when Londoners would drive out, pick up a derelict house in the forest or overlooking the Solent for a few thousand pounds and convert a rural hovel into a chic weekend cottage are long past.

"Most of the properties in this area are coming around to their second renovation now, and anything of any interest in that line that does come up, gets put to auction."

Stickley says: "There really isn't anything much under *£90,000 to £100,000* in Lymington itself. A four-bedroom house on the south side of the High Street—which is the most expensive part—has just sold for £269,000."

A 500-house Wimpey estate on the outskirts of the town has made it possible for local first time buyers to find a home in the £25,000 to £30,000 range. Otherwise, buying pressure from week-enders and retired people, and from executives in the financial services groups relocated to Poole and Bournemouth just down the coast, is pricing locals out of the market.

Jeremy Stanley-Smith of Fox & Sons (0590 75424) confirms that "facing the Solent, in this narrow waterside belt on the south side of the forest, prices are definitely not cheap. You'll normally find that a view of the water will add £25,000 to the price of a property."

Commuters can catch the 7.22 and get to Waterloo before 9 o'clock

Planning restrictions throughout the New Forest are tight.

The New Forest District Council keeps a short rein on any new building work in and around the 90,000-plus acres of the forest itself, and the South Coast Draft Plan doesn't allow for more than the occasional infill development.

But that doesn't mean that the local agents' offices are perpetually out of stock. There may only be a limited supply of properties, but turnover is brisk.

Stanley-Smith says: "The weekend properties do get traded, and there is a high proportion of second home ownership here because it is so convenient for London. Otherwise, a lot of people come down here permanently when they are 55 or 60, perhaps three years later they'll be considering trading-down to something more manageable, and a few years later they may trade down again, perhaps to a warden-assisted flat.

"Properties are turned over very frequently, perhaps every three to five years. People don't come down and live here for generations. They come because it is an amenity area, a place to enjoy themselves."

North of the Solent, in the centre of the forest, Chris Hayward of Slater Wilde in Brockenhurst (0590 22602) reports that on a sunny day his office regularly fills with browsers who, having driven south from the M3 and Southampton road, find themselves in the forest and get the urge to price-up a few cottages.

"You really cannot tell whether people are just looking, or whether they do intend to buy. Quite often we might think that someone isn't that serious and they'll turn around and buy a place straight-out.

"Old forest cottages are what a lot of people are looking for as a second home, and you do still get those coming on to the market now and then. But there are also a lot of people looking for family homes, who move here full time and commute into London."

At 7.22 each morning the Brockenhurst commuter train loads up with London workers who arrive in Waterloo at 8.59. In return for their long distance travelling the New Foresters come home to a vast conservation area.

If their property happens to have forest rights attached to it under the 1967 New Forest legislation—which formalised long-established common rights by linking them to individual houses and small-holdings in the area—they'll be able to leaven their work in London with a little subsistence farming.

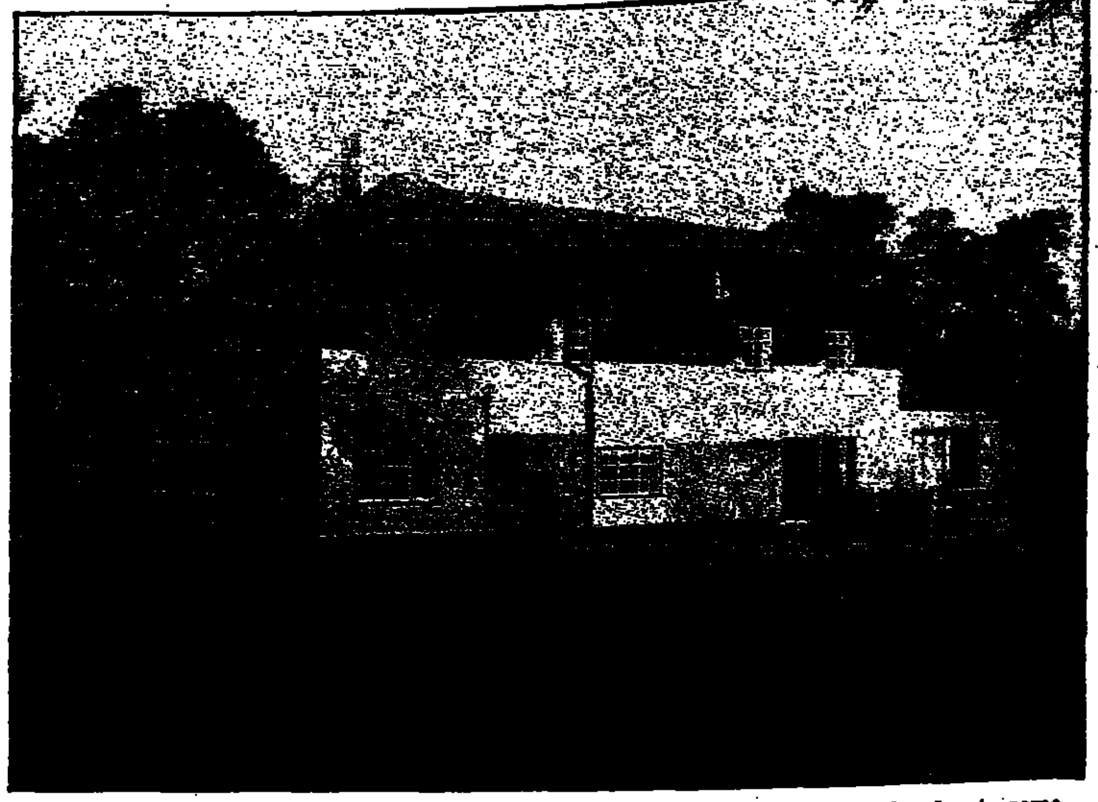
Those forest concessions vary from the right to chop a specified amount of wood, to permission to let animals graze in the forest, and the freedom to send your pigs in among the trees to eat up the autumn's crop of fallen acorns.

Property prices in the forest reflect the open ended demand and strictly limited supply of properties. It's the same north west, up to the valley of the River Test, which ranks, and is priced, as prime country house territory.

Salisbury, to the north east, effectively marks the western border of the commuter belt. Property prices start to shade-off as you move west from there.

South of Salisbury, running down past the town of Fordingbridge and along the western borders of the New Forest, the broad valley of the River Avon has more than its share of sizeable country properties. The extra travelling time to the coast, to the main-line stations, and to the motorways to London justifies a substantial discount on prices.

"You do get better value for your money on that side of the forest," confirms Chris Hayward. "In rough terms you'd pay £70,000 to £80,000 for a place there that would cost you perhaps £100,000 in the forest area."



FOUR WINDS (above), a 1939 thatched four-bedroom house at Hatchet Gate, near Beaulieu, is a classic example of one of the larger New Forest "cottages." Set in an acre of garden, but with the forest stretching all around, it has its own indoor swimming pool, hard tennis court and out-buildings with loose-boxes, tack room and garages. Jackson & Jackson (0590 75025) has the property on its books for £265,000 freehold.

For the renovation-minded, the agent also has a couple of rare, unmodernised New Forest properties due to come for auction in the next few weeks. One is a basic forest cottage on a reserve price of £75,000, and the other a *timber* house, with 150 yards of river frontage and scope to rebuild, for between £150,000 and £200,000.

A South Side Story

NO ONE seems to have taken much notice of one of the more elegant property deals of the year, a swift transfer of Thames river frontage that—among other things—neatly illustrates the comparative values of building housing or offices along the riverside.

The site is Bankside, Southwark. One of those long fought-*over stretches of the South Bank* development land, lying between Southwark Bridge and the Cannon Street railway lines.

The fight for this prime site had been won by the property side of European Ferries some time ago, but it went back for another round when the land passed to Stuart Lipton's Stockley group. Lipton's plans for a distinctive office scheme there fell foul of the Southwark Council and, as is often the way in the property world, the site went discreetly back on to the market. It is understood that it then ended up in the hands of Mountleigh until a week or so ago, when Regalian Properties picked up the whole Bankside property, raising the £16m needed by a swift institutional placing of 9.2m shares—10.9 per cent of the enlarged equity—at *175p a share.*

The elegance of the deal is that despite the turn-down of Lipton's plan there remains a live detailed planning consent—plus lined-up funding and contracting agreements—for a 210,000 sq ft office block and 96,000 sq ft of residential space. Built out in that way the whole scheme could have a completed value approaching £75m.

Regalian, best known for residential developments, could turn the whole area into flats and houses. But that's where the riverside value equation comes in. Residential space on that site might achieve a selling *price of £250* a sq ft, but offices completed and available for occupation inside two years could rent for upwards of £25 a sq ft a year, giving a capital value—even on an undemanding *initial purchase yield—of* anything from £400 to £500 a sq ft gross.

It is by no means as simple as that, but a rough, back-of-an-envelope calculation suggests that even if Regalian could sell residential units for the near £400 a sq ft being achieved on river-facing flats in Chelsea Harbour it would still be a better bet to run with the office consent.

J.B.

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London Property

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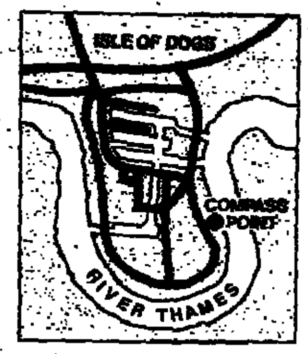

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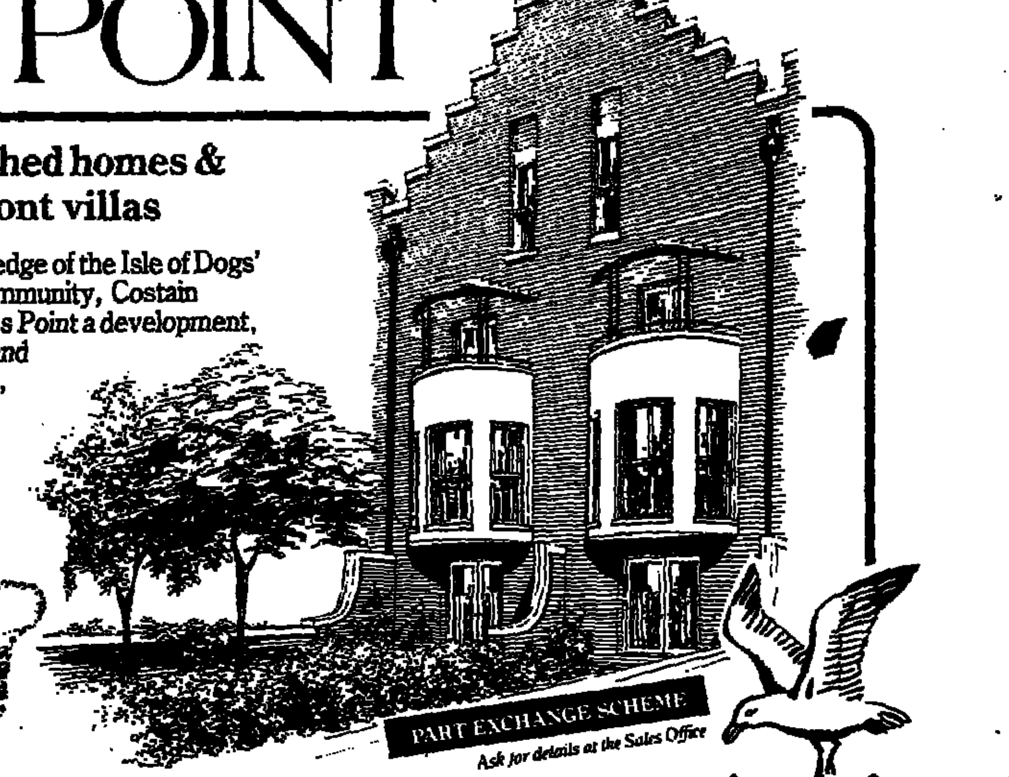

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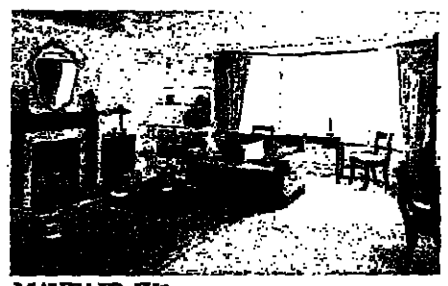

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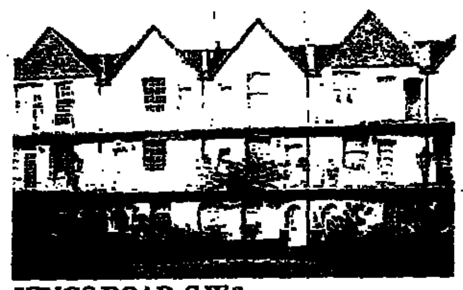

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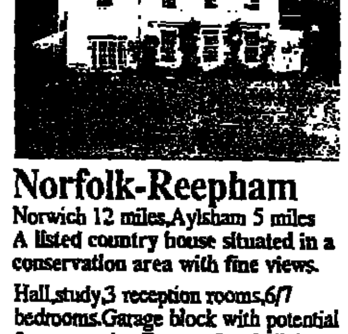

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More home truths

I am interested in the tax on second homes question and have read and re-read your item of January 31 many times without being able to establish the underlying principles or decipher the fractions in the calculation.

Your article that a home is exempt and because of election in the case of two houses as to which is exempt, by favouring the one to be sold first no capital gains tax liability might be expected.

I can appreciate that the Revenue would not wish to permit changes (of mind) of unlimited retrospection and aspect but I do not appreciate why you suggest that notice be given that the Lake District house is to be the main residence from two years ago. What is wrong with "from the date of notice."

It is also mystifying that notice is to be given on the day of the sale that the house not sold is the main residence from two years previous to the sale. This latter step would seem to underline that the house sold was not the main residence.

I would very much appreciate your assistance. I have two houses and worry nearly every week how a problem will be resolved which if a career disruption at 50 can be turned round will direct me to one house and if it cannot to the other. The one with the borrowing is presently my main residence.

Following the interest aroused by our illustration of the intricate and arbitrary (indeed almost capricious) rules laid down by Parliament for couples with two homes, published on January 31 under "Tax on second homes," you will have seen that it was republished on February 21 (unfortunately with the same printing error in the RPI postulated for July 1989).

The numerator 2953 represents the number of days from December 31 1976 to January 31 1985; the denominator 4595 represents the number of days from December 31 1976 to July 31 1989; the difference comprises (a) the number of days from January 31 1985 to July 31 1987, viz the period for which the house was covered by the main-residence election under section 101 (5) (a) of the CGT Act 1979, and (b) the number of days in the 24 months up to July 31 1989, by virtue of section 102 (2) (a) of that Act. The fact that you still could not follow our illustration after reading the pamphlet CGT 4 tends to confirm your criticism that it is an inadequate paraphrase of the law.

The question of choosing which residence is to be treated as the main one, for any particular period, does not arise in relation to mortgage interest relief, as you will see from the explanatory booklet IR11 (Tax Treatment of Interest Paid)—the choice is only available in relation to CGT, and the choice made for CGT purposes has no effect upon mortgage interest relief. It is simplest to regard taxation as a game played according to arbitrary rules devised (or at least approved) by MPs, and not to bother trying to divine some underlying principle—the basic principles have long since been overlain by expediency.

Relief on HP debt

X Limited buys printing equipment on hire purchase. On the day before the signing of the hire purchase agreement the directors of X were asked to sign joint and several guarantees in relation to the agreement.
There were three directors: A, B and C who by written agreements were jointly and severally liable in respect of guarantees given to creditors of X by the directors.
The directors between them owned outright more than 80 per cent of the issued share capital of X.
X carried on the trade of general printing.
There were three partners A, B and C who shared profits and losses equally and were jointly and severally liable for the liabilities of the partnership.
Y carried on the trade of self-employed "printers and suppliers of plant, machinery, office equipment, supplies and services."
The bulk of Y's income was derived from charges made to X in respect of the services mentioned in the previous sentence.
In the particular circumstances of this case—is income tax relief available to the partners of Y in respect of the residual amount still due to the hire purchase company under the terms of the joint and several guarantee?

Although you refer to the transaction as one of hire-purchase, it looks as though it may in fact have been a credit sale. That being so, the directors (personally, not as partners in Y) may be entitled to CGT relief under section 136 (4) of the Capital Gains Tax Act 1979, provided that the guarantees were not given before April 12 1978.

Student funding

From information recently published it is obvious that I will have to make a parental contribution towards my daughter's grant when she goes to university in the autumn.
(I) Assuming my parental contribution is £X must the actual amount I pay by covenant be £X with the reclaimed tax as a "bonus" or do the Inland Revenue only permit a covenanted payment of £Y so that £Y + reclaimed tax = £X.
(II) If I make my contribution by 12 monthly instalments rather than say eight/nine over the university year will this affect my daughter's right to claim supplementary benefit if she cannot work during the long vacation?

I You can covenant as much as you wish; but there is little point in covenanting more than your forecast of the basic personal allowance.

II Not necessarily. A National Union of Students leaflet, Covenants for Students (£1 + SAE) explains supplementary benefit—NUS, 461 Holloway Road, London N7 6LJ. A Department of Education and Science booklet, Grants to Students: a Brief Guide, will be available after Easter.

Accountants not at fault

My brother-in-law is a Director of several companies and on his own account he very actively trades on the Stock Exchange in shares and traded options. He has always engaged a Chartered Accountant in the presentation of his annual return of income tax. He gives full details of all share transactions and sources of income to his accountant who summarises the information for submission to HM Inspector and in times past his accountant has then sent the tax return for signature with no further stipulations. But on this occasion (the accountant has recently amalgamated with another firm of Chartered Accontants he has written as follows:

"Your completed tax return together with related schedules for the year ending April 5 1986 which we have completed from the information provided is enclosed herewith. We shall be grateful if you could check that the entries contained therein verify that all sources of income and details of disposals have been correctly shown before signing the declaration on Page 1 of the tax return form and return same to us for onward transmission to the Inspector of Taxes."
My brother-in-law is of the opinion that as he employs an accountant at appreciable expense it is unreasonable to expect him to spend a considerable amount of time in checking all the details above mentioned to ensure accuracy for presentation to HM Inspector of Taxes. Do you agree?

Your brother-in-law's accountants have a poor command of English, but that is regrettably common in the accountancy profession. However, apart from chiding them for writing a 52-word sentence and for not having bothered to read the 1986 edition of Gower's The Complete Plain Words (HMSO), your brother-in-law should not complain. They are not asking him to check their CGT calculations etc they are asking him to make sure, for example, that there is nothing he has forgotten to tell them about. It is he who will face penalties if anything has been omitted from the return: surely he would rather avoid the imposition of penalties than have to pay up and then see whether he has a right of action for negligence.

Indemnity insurance

As permitted by my professional body I am considering forming a limited company of which I will be sole professional employee, to give professional advice. Will this render unnecessary professional indemnity insurance or could I personally be the target of legal action?

You would not normally incur personal liability at law, provided that you make it clear that all dealings are with the company. You should however consult your professional body as to whether it might constitute a breach of that body's rules for you to practise through the medium of a company which does not have the backing of a professional indemnity insurance.

Market value

I found the letter under "Sons should countersign" (February 14) and your response very informative. No mention was made however of the value of the gift of shares for inheritance tax purposes. Would this value be the market value of the shares at the time of transfer or the original cost (including indexation relief)? Para 25 of CTTI would indicate the latter although perhaps this has been overtaken by later events.

The market value at the time of transfer (for listed shares).

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BRIDGE

RECENTLY PUBLISHED in paperback (Robert Hale, £4.95), Bridge Tips by World Masters by Terence Reese is a book you cannot afford to miss. These are the famous BOLS tips; every bridge player owes a great debt of gratitude to the Dutch Distilleries for their sponsorship of the competition which saw the birth of these tips.

Let us look at "Check the Distribution":

N
♠ A 9 6
♡ A K 9 4
♢ A Q
♣ K 10 5 2

W
♠ 10 7 3
♡ 8 6 3
♢ J 10 9 5 4 2
♣ 8

E
♠ K Q J
♡ J 7 2
♢ K 8 6
♣ A J 7 4

S
♠ 8 5 4 2
♡ Q 10 5
♢ 7 3
♣ Q 9 6 3

North dealt at game all and bid one club, to which South replied with three no trumps. This was a poor response; a temporising bid of one diamond is better. However, on this occasion no harm was done—North raised to six no trumps, and all passed. West led the knave of diamonds to dummy's queen, and the declarer went wrong by crossing to the king of spades and finessing the ten of clubs, which lost to the queen. Unable to avoid the loss of a heart, he went down.

Correct technique is to search for clues before taking the club finesse. The ace and king of hearts should be cashed, and the fall of the ten makes it safe to play a third round and concede one trick to the queen. Winning the diamond return in dummy, declarer plays off the nine of hearts, three top spades, and the king of diamonds. This discovery play reveals that West started with three cards in spades and hearts and six diamonds. He cannot, therefore, hold more than one club, so South crosses to the king of clubs, and then finesses his knave, knowing that it must win.

We turn to "The Secret is in the Timing."

N.
♠ 10 6 5
♡ K 6 4
♢ 8 4 2
♣ K 9 8 2

W.
♠ Q 9 4
♡ J 10 8
♢ Q J 5 3
♣ Q 10 4

E.
♠ J 7
♡ A 9 7 3 2
♢ 10 6
♣ J 6 5 3

S.
♠ A K 8 3 2
♡ Q 5
♢ A K 9 7
♣ A 7

With North-South vulnerable, West deals, and after three passes South opens with one spade, to which North replies with one no trump.

South rebids three diamonds, North gives primary preference with three spades, and the opener bids four spades.

West leads the knave of hearts, which runs to the queen, and the declarer takes stock. He assumes that trumps will break three-two, but he must cater for his fourth diamond in case that suit breaks four-two. He wants to be able to ruff the last diamond, if necessary, but the opponents must not be allowed to play three rounds of trumps, and it is essential to prevent an opponent with only two trumps from overruffing a diamond. What, then, is the correct timing?

It is clearly a mistake to draw two rounds of trumps before playing on diamonds, and it is also fatal to cash three rounds of diamonds prematurely. This would allow East to overruff dummy when the fourth round is played. The correct timing is to duck a diamond at trick two. When South regains the lead by ruffing a heart, he cashes ace and king of trumps, follows with ace and king of diamonds, and can ruff his last diamond with dummy's ten.

E. P. C. Cotter

Robin Lane Fox welcomes the newer vegetables

Growing diversity

I WONDER if any amateur gardener has managed to keep up with all the vegetables which the breeders have invented in the past 20 years.

A thoroughly modern allotment would seem rather bizarre, but perhaps there is one somewhere, a piece of ground where some onions can be pulled up and munched like apples and others are of the football variety, weighing 6 lb each; where the runner beans grow two feet high and need no staking; the radishes are white, Japanese and a foot long; the beetroot tapers like a parsnip; the courgettes are curvy and butter-yellow; the lettuce is called Wallop (because it packs a 1½ lb punch); the Brussels sprouts produce sprouts up the stem and a dual-purpose cabbage on top; the carrots look like bright orange tennis balls; and the cucumbers are the new Japanese Kyoto variety, incredibly long and slim, of which I agree with the gentleman from Newport who writes in Thompson and Morgan's catalogue that they are so damnably prolific that they cannot be given away quickly enough and are the seedsmen's substitute for triffids. Before long, cauliflowers will be orange, doubling as cabbages, and beans will be Heinz-coloured, bearing tomatoes for their own sauce.

One response to this rush of research is to drop out and stick to the old, proven varieties. At Convent Lane, Bocking, Braintree, Essex, the Heritage seed catalogue of H. D. R. A. Sales has been offering only the varieties your "grandparents would have recognised." You will find very few F1 hybrids, but you will be tempted by enticing Italian chicories and endives, Long Black Spanish Radish, and a beetroot called Cheltenham Green Top whose flesh I find to be a reassuring shade of dark red.

Nonetheless, Heritage seeds are not simply the seeds from long-lost allotments, worked by pensioners in baggy pinstripes and braces. Even this traditional list welcomes a wide European range; there is, I think, a lesson for those who protest most.

For protests have been abundant. When we joined the EEC it became illegal to sell seeds of many old and well-loved varieties. Lists with North Country onions and unregistered cabbage were liable to seizure and absurd fines; hundreds of varieties disappeared from the market in fright.

Having driven out the British vegetable, the bureaucrats then tried to drive out familiar names. Brussels Sprouts became a Dutch mouthful and cabbage bolted to four syllables in German. It seemed like insanity, but 15 years later it has turned out differently. Neither the EEC nor the bureaucrats can claim any shred of credit, but vegetable-lists are wider, newer and more rewarding than anyone thought likely in the mid-1970s.

I have come to the conclusion that the old British vegetable was usually a pretty dull performer. Ailsa Craig may have known her onions, but most of our favourites were overdue for acceleration, enlargement and a general jazzing-up. That jazzing has been happening rapidly. Seed-lists have become more global, bringing the best performers from Japan, America and Germany. The hybridists have been ingenious and practical, and praise must also go to our National Vegetable Research Stations, which know what gardeners want. In short, the vegetable kingdom has been shaken up.

Diehards still complain that the shaking and jazzing has costs us all flavour. I think this complaint is nonsense. I cannot believe that the new stringless Runner Bean Butler, the prolific broad bean Suprafin and the freezeable pea Multistar are any less tasty than their grumpy old English predecessors. Although seasons and tastes vary, I have had nothing but praise for them all and they grow and crop extraordinarily well: they flourished in the difficult weather of last year's allotment-season.

Instead, I look forward to the day when conservationists divert their concern from flowers to green vegetables and question the very roots of their approach. Fifteen years ago, I might have joined their chorus, but then I remember the one green vegetable which is really worth a gardener's while, even if he lives next door to a Pick-Your-Own farm.

Where, in the 1960s, could you buy a decent *mange-tout* pea, the type which you eat pod and all, when young and juicy? I remember the tales of them which friends brought back from luxurious restaurants, but nowadays the seeds are common currency and the varieties continue to improve. The superb American Sugar Snap was good enough, because the pods were still edible when they had yellowed with age; in 1984, America added the low-growing Sugar Ann, which does not even need pea-sticks and is a heavy cropper; Thompson and Morgan of Ipswich have now imported the very reliable Oregon Sugar Pod and the low-growing Agio, both of which will flourish in dry summers as well as the usual year of British cloud. You can eat the pods raw, steam them or store them and freeze them.

By breeding and testing, peas have improved beyond recognition and the EEC's silly rules have simply been irrelevant. It is still only 1987, but progress and world-wide exchange are making the "Heritage" refrain seem very out of date.

Arthur Hellyer on some unexpected survivors

Hardier than you think

WALKING through the garden of Wakehurst Place a few days ago, I noticed that the nice specimen of *Podocarpus salignus* beside the rock garden was completely undamaged by frost or snow (and we have had plenty of each this winter in Sussex). This podocarpus is a beautiful Chilean tree that one might describe as a little like a weeping willow turned evergreen. Although very attractive, it has always been a rarity in British gardens—mainly, I think, because it is regarded as too tender to be reliable.

I planted it myself a few years ago, managing to obtain a small plant from the Burncoose and Southdown nursery near Redruth, Cornwall; but I was so uncertain of its ability to survive that I gave it an extra-sheltered place among quite large trees, which starved it so much that it has grown very little. Now, I have moved it into a much more open place where the soil is good and the competition minimal, and I shall hope for the same success as at Wakehurst. I see that Burncoose and Southdown still list it but as *Podocarpus chilensis*, which must be a misprint for *P. chilinus*, an old and now-discarded name for the species.

That little incident set me thinking about other trees which are probably hardier than is generally supposed. There are, for example, the two paulownias, *tomentosa* and *fargesii*, which I never dreamt of planting in my distinctly cold garden until I saw a fine batch batch of young plants in Goatcher's Nursery at Ashington, Sussex, and was told that they had been raised from seed by an amateur in Steyning. Neither place is noted for warmth in winter so I came home with two plants, one for my own garden near East Grinstead, and the other to be tried in a Jersey garden.

Both have survived, but the Sussex tree has made more growth even though it is in a very exposed position entirely open to the east. Neither has flowered yet, but I do not despair of seeing the beautiful spires of bloom in May, rather like heliotrope-coloured hyacinths. Even if they never come, paulownia is still worth growing as a foliage tree with big, almost-circular leaves remarkably like those of catalpa. In fact, the two trees are so similar in growth and, superficially, in flower style that it comes as a surprise to find that they are completely unrelated.

It is easier to buy *Paulownia tomentosa* than *P. fargesii* but, from what the experts say, the latter is better suited to the British climate. I would not be certain that my trees are not *P. fargesii*, for the two species are so much alike that I have never been able to distinguish one from the other; perhaps Goatcher's Nursery had the same difficulty. But I would advise anyone with a taste for a little horticultural adventure, and room for a fast-growing tree that will submit to quite drastic pruning, to try either — but with a preference for *P. fargesii* if available.

I find the public neglect of *Koelreuteria paniculata* much more difficult to explain for no one has ever called it tender

— although most catalogues do insist on a need for sun which, I suppose, might suggest some doubt about the toughness of this beautiful tree.

I have it growing well in a place that is open to the sky but shaded by big trees from direct sunshine most of the day; and in the Joyce Green Hospital at Dartford, Kent, where there are some very unusual trees and shrubs, it seeds itself about quite freely, and some of the seedlings come up in shady places. But, no doubt, full sun suits it best and might be necessary to ensure regular displays of the small yellow flowers produced in fine sprays in July-August.

It is these that have given it the popular name of golden rain tree; and perhaps if nurserymen used this instead of the rather difficult "koelreuteria," they would sell more trees. Perhaps, though, they fear it would then be confused with laburnum, which is popularly known as golden chain.

Whatever the truth about its neglect, it is worth planting for foliage alone, which is delicately ferny and has an intriguing colour progression — from deep red as the leaves unfold, to pale yellow and then light green, but retaining a red midrib throughout. Even the seed capsules are quite attractive: marble-shaped and pink, becoming brown when ripe.

Victorian gardeners were fond of training *Magnolia grandiflora* against sunny walls, and this has undoubtedly contributed to the belief that it is too tender to be trusted in the open. Very sever frost will certainly damage its large laurel-like leaves; but that is true of many other evergreens that are commonly planted outdoors in Britain in all but the coldest places, and *Magnolia grandiflora* is undoubtedly the most handsome of all evergreen trees that could be considered for this purpose.

The flowers are spectacular: great white bowls, rather like water-lilies, and coming in late summer. Unless the situation is warm and sunny, there are unlikely to be a lot of them. Perhaps that was one reason why 19th-century gardeners preferred to plant this magnolia against warm walls.

There are several selected garden varieties, of which Exmouth is probably the best, but therei s not much to choose between this and Goliath. One great advantage of buying a named variety is that it will have been propagated vegetatively by layering or grafting, not by seed, so increasing the chance that it will start flowering while still fairly young. Nevertheless, do not expect flowers for seven or eight years and plant this splendid North American magnolia primarily as a foliage tree. It is readily available.

هكذا من الأصل

See Venice and sigh

ON THE Grand Canal every gondolier wears his anorak. Take your wellies to Venice. Wild horses—no, not even the famous bronze foursome high-stepping it among the pinnacles of St Mark's Basilica—could not drag wise tourists to Venice in summer. Out of season it takes a wild horse or two to drag me away. Isolated in her icy lagoons, the rouged, raddled, wonderful old Serenissima looks almost cosy.

Outdoor tables and chairs are gone from St Mark's Piazza—"The finest drawing room in Europe," said Napoleon, carefully leaving a space, still unfilled, for his own effigy among the statues of Roman emperors along the western frieze. Stiff in cold sunshine the two Moors on the Clock Tower whack their bell every hour on the hour; delighted children knee-deep in pigeons punctuate with shrieks the tireless burble of conversation around the Campanile. St Mark himself, knee-deep in gold-winged angels, gazes pleadingly down on strolling groups more native Venetian than tourist—the Venetians obvious for their grave faces and greater elegance, Venetian women conspicuous for their infinite variety of mink coat and distinctively courageous hats.

WEEKEND FT BREAKS

Quadri's, the cafe on the north side of St Mark's Square, is closed for winter titivating. Florian's, in the south cloister, goes strong; warm and crowded, aglow with glass paintings and florid mirrors spotty with age, agog with the gossip of all the years since 1720, when it opened. Delicious and dear are the coffee and cakes borne on silvery trays by ceremonious world-weary waiters swooping like seagulls between marble-topped tables. You can be £5 (L10,000) down and 5 lbs up after one of Florian's icecream confections. (You will go back the next day).

In or out of season Venice is expensive; packaged weeks and weekends are excellent value, but you should have a care when you get there and you may find some recommended restaurants closed. A reasonable, by no means rave lunch or dinner at a local inn like the Locanda Montin on the Fondamenta del Borgo, behind the Gesuati Church, will be £7-£10 a head (to calculate your cash in Venice you knock off the last three zeroes on the price and divide by two). The Trattoria Ai Cugnai, two minutes walk (at S. Vio, Accademia 857) from the Accademia Bridge, on the San Salute side, is even better—if you pass it by mistake you will run into the English church.

No one going to Venice should ever feel any serious obligation to visit its works of art. That sounds like heresy; but if time is limited it makes sense to recognise that the city itself is the artistic achievement, the marvel—some would argue, the museum—you have come to see.

It is indeed a thing of beauty in all weathers; glittering cold with an early sunset tie-dying the sky pink behind the pink-and-white diaper patterns of the Doge's Palace and the pink lamps of the quayside; or swathed in seven veils of fog, with every soul and sinner hurrying indoors as evening closes down. Shutters creak shut; even the intrepid vaporetti, Venice's broad, charming waterbuses, pack it in early.

Venice is more phantom than fact. Sauntering through her mediaeval maze, pausing on her hump-backed bridges to smell her slow-slapping, Fortuny-green-satin canals, all you can hear, in the traffic-less hush, are clicking heels on flagstones, murmurs of talk, birds' wings, and the occasional snatch of music.

If you can find the way ("Sempre diritto — straight ahead!" is the classic Venetian cry—with a confident finger pointed at a labyrinth of lanes, dead ends, arches, little campi, looped canals) you might visit the Scuola di San Giorgio degli Schiavoni, the beautiful little Dalmatian guildhall with a ceiling beamed in decorated blues and golds, like tooled leather. It is tucked into an angle by a canal called the Rio della Pieta, east of St Mark's, en route for the Arsenal. Only nine paintings hang on the blue walls; three tell the story of St George, two are of St Jerome; all by Carpaccio. They have hung in this small corner of Europe for nearly 500 years.

But spend a morning, at least, in that preposterous Byzantine jewel-box, St Mark's. Make that a morning for every day you are there—and if you have only one day, and the day is dark and rainy, spend an hour in St Mark's without raising your eyes from the floor. Gleaming with light and colour, its marble mosaic geometrics heaving and rolling in waves across the Basilica, that floor alone is worth your trip to Venice.

TRAVEL DETAILS: There are plenty of packaged weekends to Venice: Citalia, part of CIT, owned by the Italian State Railways, arranges weekends or single weeks throughout March and April with scheduled Alitalia flights. The Hotel do Pozzi, comfortable, warm and friendly, just off the Calle Larga XXII Marzo, is a couple of minutes walk west of St Mark's Piazza, £183-£266 (weekends), £258-£394 (week) per person on a double room basis; prices vary according to the approach of Easter. Citalia (Head Office, Croydon or West End Office, London): (01) 686 5533.

● Two books are worth their weight in St Mark's treasure while you are there. One is James (now Jan) Morris's Venice (Faber paperback, £3.95), neither guidebook nor history book, but jouous love affair. The other is J. G. Link's charming, strolling combination of humour and scholarship, Venice for Pleasure (Bodley Head paperback, £5.95; hardback available).

● For updated (if not always perfectly accurate) information about what is open or closed, and hours of opening, collect listings from the Italian Tourist Board's engagingly shabby, downbeat office in the dark south-west corner of St Mark's Piazza. There is nothing shabby or downbeat about its smiling, English-speaking staff.

Gay Firth

The best since radials

Stuart Marshall reports on the CTS, the latest development in tyres that lets you drive up to 250 miles even with a puncture

THE PNEUMATIC tyre that performs miracles when inflated instantly becomes useless when the air is lost. Thus, since the dawn of motoring the rubber industry has been trying to come up with a product that does not puncture—or at least allows a journey to be finished without having to change a wheel.

A decade ago, Dunlop cried "Eureka" and offered its total mobility concept Denovo tyre. It ran flat, all right, but it was heavy, expensive, used a non-standard wheel and was not as good as a conventional tyre for normal driving. The car-makers turned their backs on it and Dunlop's competitors showed no interest in making it under licence. That sealed Denovo's fate.

Three years ago, Continental, Germany's largest tyre-producer, announced ContiTyre-System (CTS for short) as a way of eliminating a mid-journey wheel change after a tyre deflation. Continental thinks the conventional tyre has reached the end of its development potential, especially if it is to be driven-on when flat.

So, CTS is a radical rethink of tyre and wheel design although it is made, just like any other tyre, from rubber reinforced with textile and steel cords.

Its ultra-flexible sidewalls overhang the wheel rim and the wheel is so designed that, when the tyre goes flat, the weight of the car is carried on the tread. The sidewalls fold out sideways, where they will not get chewed up by the wheel. Naturally, the tyre remains on the rim, whereas a conventional tyre eventually comes off the wheel altogether if you drive on it completely deflated.

Continental says that by the time CTS is on the market in the 1988-89 model year, it will provide 400 kms (250 miles) of driving without any air. More important, though, CTS is better than a normal tyre for the 99.99 per cent of its life when it is properly inflated.

The thin, soft walls make it ride more softly and comfortably. It has better wet grip, is less likely to aquaplane in heavy rain, and it consumes less energy in rolling on the road, which saves some fuel. Continental also says it will be possible to use CTS on all types of car without changing the suspension. It will cost more, but four CTS wheel/tyre units will be the same price or less than five normal wheels and tyres. And it should give at least as much mileage as a standard tyre.

A CONVENTIONAL tyre (A) fits into recesses on the outside of a wheel. When it punctures (B) the narrow rim crushes the sidewalls against the tread. Friction rapidly destroys the tyre, which will come away from the rim and the driver can well lose control of the car. The CTS tyre (C) fits on to the inside edge of the wheel and its sidewalls overhang the rim edge. When it goes flat (D) a pair of wide pads on the wheel press down on to the tread of the tyre, taking the car's weight with the walls folded safely out of the way.

A few days ago, I became one of a handful of people outside of Continental, or the carmakers who have been co-operating in its development, to drive on CTS. I tried it on three models: VW Polo, BMW 325i and Mercedes 560SEC.

There were nine cars in all. One of each was on normal tyres, the second on four fully-inflated CTS tyres, and the third on CTS with one tyre deflated front or rear as I wished.

On a handling track with usual nimble self on standard many curves the Polo felt its tyres, but CTS made it better all round. Everything was improved—ride comfort, tyre noise, steering response and cornering grip. With a front CTS tyre let down, it needed much more steering wheel movement to get it round a corner. With a back tyre deflated, it felt unstable on the straight and in bends but could be driven safely enough.

Much the same could be said of the BMW and Mercedes. They were positively improved by CTS in handling, cornering and comfort. With a front or rear CTS deflated they remained driveable and easily controllable, even when cornered at speeds no sane person would attempt in a car that was known to have one completely flat tyre.

This is the crux of the matter. A tyre designed to run inflated cannot possibly feel the same without air. Some deterioration in handling has to be accepted. The important thing is that a runflat remains safe when deflated and behaves at least as well as a conventional tyre when blown up.

This the CTS does, and that is what makes it a real breakthrough in tyre design and technology. It does not carry deflated running capability all that much further forward—Denovo was at least as good. But with CTS you know immediately a tyre has gone down because of the change in the car's handling feel—and from a rumbling noise which gets louder as the car corners.

That means a driver should always know a tyre has gone flat and that the journey can continue safely at up to 50 mph until help is available, so eliminating the nightmare of wheel-changing on a motorway hard shoulder or in a crime-ridden city centre.

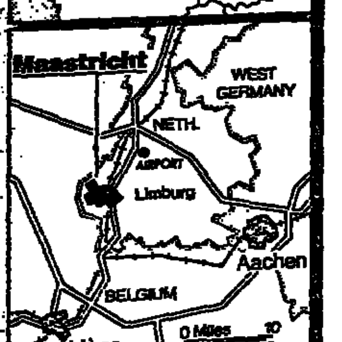
I rate CTS as the most significant advance in tyres since the radial ousted the crossply. It will start to appear on new model cars within two years—probably first on VW, Mercedes or Ford—and other tyre-makers will manufacture it under licence.

Fiesta time in madcap Maastricht

IT IS Sunday afternoon in a picturesque Dutch provincial town. The tall gabled houses of the 17th and 18th centuries tower over cobbled streets which open into tree-lined squares dominated by old Gothic churches.

It all looks peaceful. It sounds much less so. In the old streets are many old bars from which come the blast of "oompah" bands competing with the noisy laughter of exhilarated customers. Out of one bar comes a plump middle-aged woman, well wrapped against the cold and holding high an umbrella. She is leading a conga of 30 or so respectable burghers towards the haven of another bar.

This is Maastricht, right in the south of the Netherlands, close to both the German and the Belgian borders, and the townsfolk were simply practising for the even more abandoned junketings scheduled for the weekend before Lent. If you ever wondered what happened to the uninhibited peasants of those 16th and 17th century paintings by the Brueghel family, depicting the villages of the Lowlands as the nearest thing to Gomorrah, they have grown into the contemporary Dutch of the Catholic and cosmopolitan province of Limburg.



It is quite a shock for an Anglo-Saxon to meet head on the fervour with which the citizens confront drab winter with abandoned jollity. There are special events from November onwards, culminating in a carnival to rival Rio in its pursuit of pleasure. The bars stay open to the early hours and vast quantities of beer and gin are consumed. There are competitions between bands; fancy dress parades; serious eating; and crowds from all over the region, which embraces three countries.

It is the outbreaks of fiesta which make a short stay in Maastricht an invigorating experience. At one moment you can be sipping one of those excellent Belgian beers, a Kriek, perhaps, or a Geuze, which justify the existence of that confused country, and the next you will be swept up in a dance as a band of middle-aged, middle-class, hell-raisers sweeps into a bar, of which there are over 400 to serve a population of 100,000.

Even without these bizarre happenings, Maastricht would be a sensible place to visit. It is rightly regarded as one of the prettiest cities in the Netherlands. Its best church, St. Servatius, may be closed for lengthy repairs, but there are riverside walks on the remnants of the medieval wall, elegant shops, a welter of restaurants offering Indonesian, Yugoslav and French cuisine as well as local specialities like mussels and chocolates, and the secure pleasures of affluence and reason.

Peasant Wedding by Pieter Brueghel the Elder . . . similar junketings continue today

Apart from its bourgeois joys there are two other powerful factors to draw you to Maastricht. It is a most convenient jumping-off point for such contrasting cities as German Aachen and Belgian Liège, both around 30 minutes (£3 day return by train) away. Aachen, which still rings bells as Aix-la-Chapelle, was the seat of Charlemagne, and the cathedral still safeguards his treasure, including the illuminated manscripts which are his main cultural bequest. In turn, Liège has eight worthwhile museums, many more restaurants and bars, and is cheaper than Maastricht.

The other bonus for the Dutch city is that Virgin flies there for £70 return, presumably as an incentive for continentals to use its trans-Atlantic service. If you eat the ubiquitous bar snacks and stick to local drinks, Maastricht is no more expensive for a weekend away than any provincial English city of its size. And it is much more fun.

Antony Thorncroft

CHESS

NIGEL SHORT won the third game in his Channel 4 Saturday speed match against world champion Gary Kasparov and is now only 1-2 down before tonight's fourth game. The fluctuating struggle bore out Short's claim that he is not afraid of Kasparov. Nigel played an innovative opening 1 N-KB3, P-Q4; 2 P-Q4, B-N5!?, later offered a sacrifice of rook for bishop, and finally defeated Kasparov's back-row attack by a surprise king march into the Russian camp.

If Short is to succeed in a full-scale world title challenge, he has to neutralise Kasparov's in-depth book knowledge and the champion's dynamic attacking power with the white pieces. Significantly, Short changed his black repertoire in the televised series and at Reykyavik, where he won the $10,000 first place.

In his first Channel 4 game, Short met Kasparov's 1 P-Q4 by 1...P-K3; 2 N-KB3, P-KB4—the Dutch Defence. Many grandmasters distrust the Dutch as too rigid—Black has a chain of central pawns on light squares which restrict his queen's bishop—but Short has a flexible game plan. His aggressive deployment of Black's queen and king's bishop keeps options of a central advance or a king's side attack.

Results so far are promising. Short's Dutch established a good position against the world champion, and was effective in two games at Reykiavik. If his new idea flourishes, theory books will need to be rewritten.

White: M. Petursson (Iceland). Black: N. D. Short (England).

Dutch Defence (IBM Reykjavik 1987).

1 P-Q4, P-K3; 2 P-QB4, P-KB4; 3 N-KB3, N-KB3; 4 P-KN3, P-Q4; 5 BN2, P-B3; 6 0-0, B-Q3; 7 P-N3, Q-K2; 8 QN-Q2.

Kasparov exchanged bishops by 8 P-QR4, 0-0; 9 B-QR3, BxB; 10 NxB, QN-Q2; 11 P-R5, P-QN3; 12 Q-Q2, but 12 . . . N-K5 gave Short counterplay.

8 . . . P-QN3; 9 N-K5, B-N2; 10 B-N2, 0-0; 11 R-B1, P-QR4; 12 P-K3, N-R3! 13 Q-K2, N-K5; 14 KR-Q1, N-B2; 15 P-B, NxN; 16 QxN, P-R5; 17 P-K4? .

Opening the centre favours Black—better N-Q3.

17 . . . BPxP; 18 KBPxP, RPxP; 19 RPxP, BxN; 20 PxB, QR-Q1; 21 KPxP, KPxP; 22 Q-K3, P-B4; 23 Q-K2, B-R3; 24 R-R1, P-Q5; 25 B-QB1, P-QN4; 26 B-B4, Q-K3.

Now if 27 PxP, NxP threatens N-B6 with advantage; so White abandons his queen's side for an attempt on the black king.

27 Q-R5, PxP; 28 B-R3, Q-QN3; 29 PxP, BxP; 30 KR-N1, Q-QB3; 31 R-R7, Q-K5!

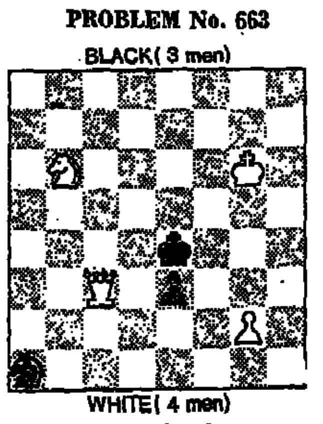
The refutation. Short's diagonal attack proves stronger.

32 R(1)-R1, B-Q4; 33 RxN, Q-R8 ch; 34 K-B2, RxB ch! 35 PxR, QxP ch; 36 K-K1, Q-N6 ch; 37 K-K2, B-B5 ch; 38 K-Q1, Q-Q6 ch; 39 Resigns.

If 39 K-K1 or B1, Q-K6 ch soon mates.

PROBLEM No. 663

BLACK (3 men)



WHITE (4 men)

White mates in three moves at latest, against any defence (by T. Pawlowski). Despite its miniature setting, this problem defeats many solvers and is a good test of skill in handling a queen/knight attack force.

Solution Page XVII

Leonard Barden

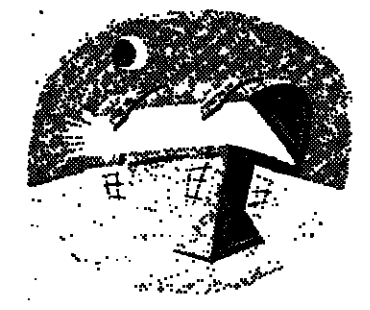
Company Notices

NOTICE TO WARRANTHOLDERS OF AICHI TOYOTA MOTOR CO., LTD
3⅛% GUARANTEED BONDS DUE 1991 WITH WARRANTS
NOTICE OF ADJUSTMENT OF SUBSCRIPTION PRICE
Pursuant to Clause 4 (A) and (B) of the Instrument dated 17th December, 1986, you are hereby notified about a free distribution of shares of Aichi Toyota Motor Co., Ltd. at the rate of 0.07 share for each one share will be made to the shareholders of record as of 31st March 1987. As a result of such distribution, the exercise price at which shares are issuable upon exercise of said warrants will be adjusted as a result, enclosed of the Terms and Conditions of the Warrants from 1,164 Japanese Yen per share of common stock to 1,088 Japanese Yen per share of common stock, effective 1st April, 1987.
On behalf of Aichi Toyota Motor Co., Ltd.
THE TOKAI BANK LIMITED, LONDON BRANCH
PRINCIPAL PAYING AND WARRANT AGENT
14th March, 1987

NOTICE TO WARRANTHOLDERS JDC CORPORATION
US $35,000,000
3¾% GUARANTEED NOTES DUE 1991 WITH WARRANTS
Pursuant to Clause 3.4 of the Instrument Dated at 7th August, 1986 in respect of the above issue, notice is hereby given as follows:
A) The Board of Directors of JDC Corporation, at its meeting held on 19th February, 1987, resolved to make a free distribution of shares of its common stock to shareholders of record as of 31st March, 1987 (Japan time) at the rate of 1:0.05 for each share held; and
B) The subscription price of Yen 573, currently in effect, will be adjusted to Yen 556.5, which shall be effective on 1st April, 1987 in Japan.
THE TOKAI BANK LIMITED LONDON BRANCH
PRINCIPAL PAYING AGENT
14th March 1987

Anthony Greenstreet looks at an era when farm workers had it tough

The hard labourers



Treasure Trove

CONSIDER THE citizens ranked on the platform at Bank or Moorgate. Three or four generations back, their ancestors mostly worked the land for 50p a week. Edmund Blunden described them:

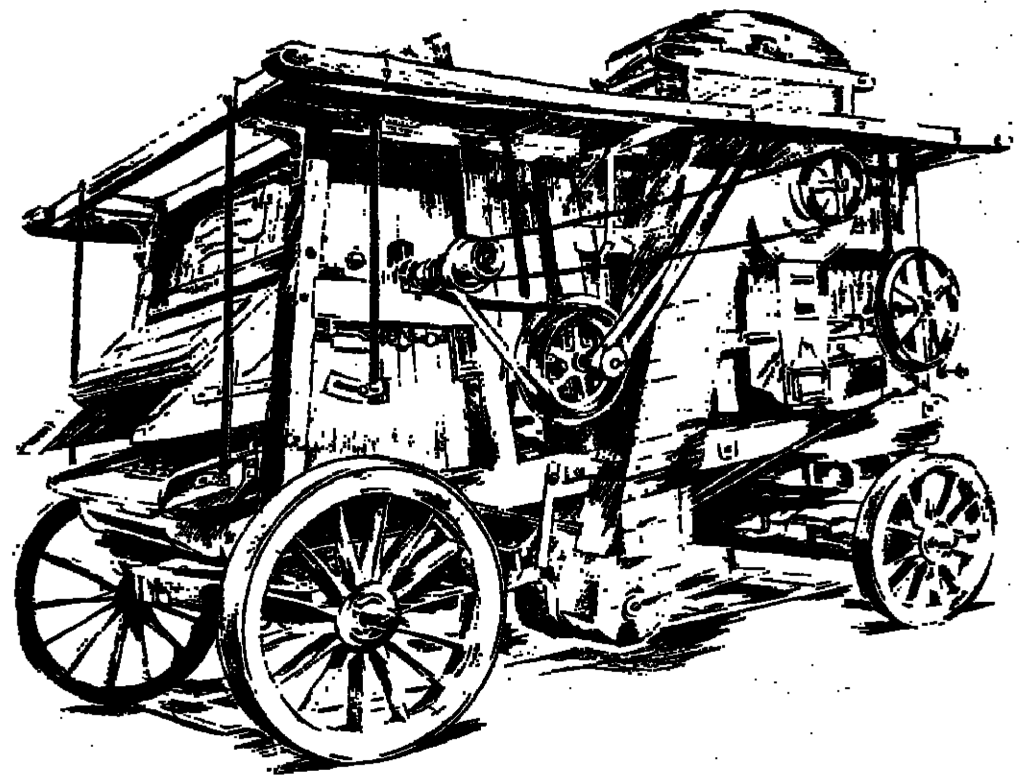
"These were men of pith and thew
Whom the city never called.
Scarce could read or hold a quill
Built the barn, the forge, the mill."

The museum of English Rural Life, established in 1951 at Reading University to keep a record of the old agricultural order, gives us a glimpse of a way of life before farm mechanisation largely wiped it out in the decade after World War Two.

In the display of farming handtools are implements—sickle, scythe, prong, hayrake, crook, sheep shears—which we recognise, if have never used. But the flail is different. Could anyone in England now thresh grain out of corn with these two lengths of stick joined by thong and swivel? Men threshed in the barn when it was too cold or wet for other jobs; and a strong, skilled thresher might earn 10p a day. But the tedium was appalling, as John Clare tells in The Shepherd's Calendar:

'The thresher dull as winter days
And lost to all that spring displays
Still mid his barn dust forced to stand
Swings his flail round wi weary hand."

When several men threshed together they relieved the monotony by ringing changes with their flails as if ringing bells: or a man held a six inch straw in his lips and tried to brush its end with the flail without cracking his skull.



A threshing machine from 1900 . . . they took the backbreaking toil out of farming but emptied the fields of people

The farm wagon collection has 20 fine four-wheelers. Brightly-painted, built to match local land conditions (though the Cotswold design was considered pre-eminent.

Tragedy lies in the display of farm machinery in the Ransomes' Hall. Early in the 19th century, agricultural labourers were driven to destitution. Their common land had been enclosed; and, with the ending of the Napoleonic wars, the reduced demand for corn forced weekly pay down to 35p. Now came the introduction of threshing and winnowing machines, choking off winter barn work. An 1827 Act ordered seven years transportation for the destruction of a threshing machine. But in southern England in 1830, desperate labourers rose to break machinery and increase wages.

They were utterly defeated. Judge Alderson, who sentenced several to hanging and many more to transportation, gave two convicted labourers an economics lesson: "You are both threshers and you might, in the perversion of your understanding, think that machines were detrimental to you. Be assured if they are profitable to the farmer, they will also be profitable to the labourer though they may for a time injure him." But the riots held back mechanisation for 20 years and by the 1850s railways and steamships helped surplus labourers escape to cities or overseas.

Other machines — seed drills, steam ploughs, reapers — had less dramatic consequences. Progressively they took the backbreaking and debasing toil out of farming but they emptied the fields of people who sang as they worked. As Ronald Blythe records in Akenfield: "Twenty men and boys scythed the corn and sang as they went." "What was the song, Davie?" "Never mind the song — it was the singing that counted!"

The Farmer's Gallery has a series of farmhouse rooms—bakery, laundry, dairy, parlour—stocked with 19th century artifacts, now dearly priced in antique shops. They show the farmer growing further away from his employees as profits from consolidation of farms and mechanisation destroyed any companionship of the classes. John Clare noted in 1825:

"And the old freedom that was living then
When masters made them merry wi their men
. . . All this is past."

Flora Thompson in "Lark-rise" showed how wide the gap had grown by the 1880s: "The men trooped to the farmhouse for their wages. These were handed out of a window to them by the farmer himself and acknowledged by a rustic scraping of feet and pulling of forelocks." In 1821 William Cobbetr observed: "When farmers become gentlemen their labourers become slaves."

For me, the museum brought back memories of adolescence in wartime Dorset. I recalled the swing and teamwork, like a well-tuned racing eight, around a wagon in the harvest field. Ahead went Fred (a peace-time waiter at The Grand, Torquay), his prong laid down the eight-sheaved stooks in parallel rows. A mute Landgirl led the horse between them. Pitching up the sheaves on the far side was Fortunato from Florence in his chocolate-brown prisoner-of-war uniform. And building the load high on the wagon was our captain, Catherine Haines—once, as Julian Amery's autobiography recalls, "a tough Eton-cropped young lady who kept an excellent stable;" but now a hard-tongued, sweat-stained peasant. I remembered those swaying wagons almost hidden by the loaded corn—just as they were painted in noon heat or in the evening in Madox Brown's *Carrying Corn* or Samuel Palmer's *Harvest Moon.*

● The museum of English Rural Life. University of Reading, is open Tuesday-Saturday 10 am and 1 pm and 2am-4.30 pm. Tel. 0734 875123.

Silver's style still shines

Susan Moore visits the Brighton Art Gallery to see some of the best in Art Nouveau

LIBERTY'S Peacock Feathers may be knotted under more chins and draped across more shoulders than any other Liberty print, but how many people realise that it was designed over 100 years ago by Arthur Silver? It is just one among thousands of designs for textiles, wallpapers, carpets and metalwork that emanated from the design studio started by Silver in west London in 1880.

By the early years of this century furnishing textiles and wallpapers made to Silver studio designs by manufacturers in London, Glasgow and northern France could be acquired in department stores from Vienna to Chicago.

While the studio's work obviously influenced Continental Art Nouveau, it did not apply the term to its own designs. Rather they were "quaint" or "flat" or "modern;" the exaggerated Art Nouveau developed by Rennie Macintosh and his Glasgow colleagues was considered throughly decadent and decidedly un-British. More than 170 designs (1885 to 1910) from the Silver studio archive at Middlesex Polytechnic are now on show at Brighton Art Gallery and Museum, until March 29.

To emphasise the single most important influence on Art Nouveau—Japan—the galleries are hung with Japanese-style banner made of *Peacock Feathers* and Harry Nappen's *Teazle* of 1900 (reissued last year by G. P. and J. Baker). The opening up of Japan to Western trade in 1858 provided both European artists and designers with a new source of inspiration. Delicately drawn chrysanthemums appear in the first Silver design on show, while a later design of 1888 is almost a straight reproduction of a Japanese pattern. (Silver subscribed to Bing's *Artistic Japan* from 1889-92).

Here are waterlilies, apple blossom, flattened forms and a new structural simplicity in the sinuous scrolling of lush stylised flowers. Alongside the "greenery-yallery Grosvenor Gallery" colours favoured in the 1880s and 1980s—terracotta, sage green and ochre—are the purer blues and pinks preferred by Napper.

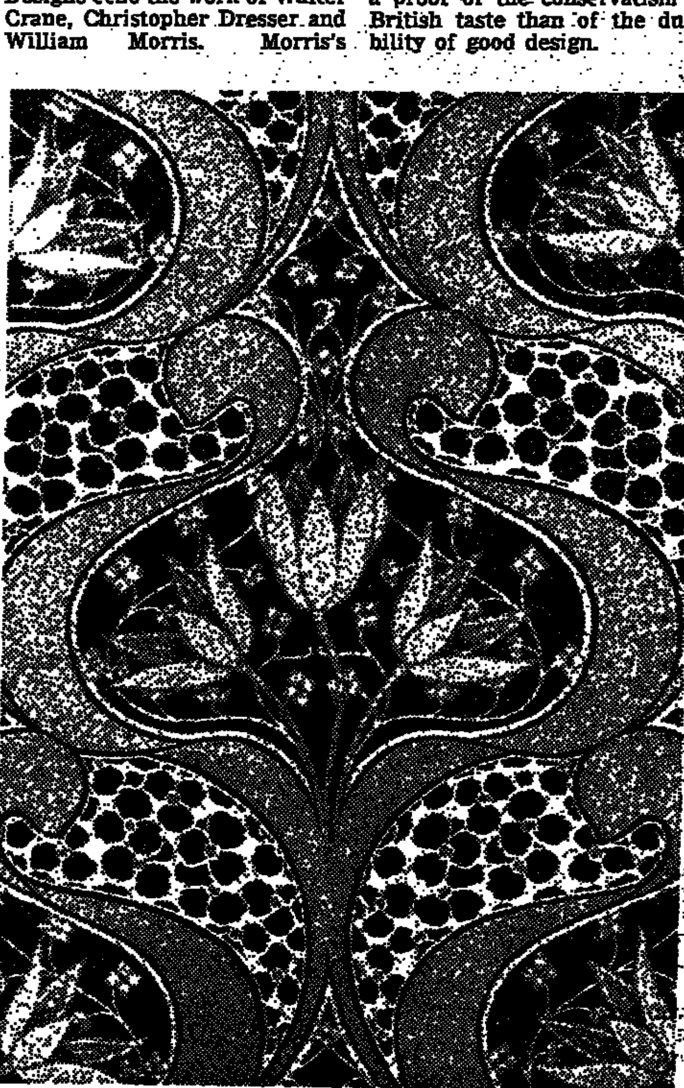
Other influences are apparent. Designs echo the work of Walter Crane, Christopher Dresser and William Morris. Morris's sources, the historic textiles in the South Kensington Museum (now the V and A) were also studied by Silver Studio designers — Italian Renaissance brocades, Persian patterns and 17th-century embroideries. For his designs for Liberty pewter Archibald Knox looked to Celtic ornament as well as Ashbee's Guild of Handicraft metalwork.

Brighton has supplemented this loan exhibition of designs, seen in Glasgow last year, with a complementary display of objects made to Silver studio designs, drawn from public and private collections. There are textiles by Warner's, Liberty Art Fabrics, silver and pewter from the Cymric and Tudric ranges produced for Liberty from 1898, largely by Knox. The show provides no greater contrast than the attenuated, organic forms of the highly polished silver, inset with brilliant enamels, and the deceptively simple "squashed" pewter, with its rough surface texture. These workaday objects are some of the most satisfying on view.

Photographs by Bedford Lemaire preserve for posterity these multi-patterned, modest Art Nouveau interiors, where bold rhythmic wallpapers of full-blown blooms vie with deep landscape friezes and elaborate pierced fireplaces. Potted palms, brackets and gargantuan pieces of gloomy furniture have been swept away; only by the early 20th-century was a lighter impression given by the tender greens and mauves of sparer patterns.

Until the 1870s interior decoration had been the exclusive preserve of the upper classes and the upholsterer. (One upholsterer had lamented that a middle-class housewife "would as soon have weighed a chair than consider its style." But Art Nouveau and the Silver studio evolved alongside the Arts and Crafts movement in a climate where, for the first time, the aesthetics of interior decoration and furniture were considered by a substantial proportion of the population.

Growing numbers of journals, catalogues and outlets—such as new department stores like Whiteley's "The Universal Provider"—catered to the increasingly prosperous middle classes. Style and taste in the home became every bit as important as durability and function. That people today are still covering their sofas with fabrics designed in the late 19th century is less a proof of the conservatism of British taste than of the durability of good design.



A "Japanese" textile design of 1899, from the Silver studio

Collecting

Enamels of excellence

BATTERSEA ENAMELS have attracted connoisseurs and collectors for more than 200 years. It is odd, then, to realise that the little Thames-side factory that produced them scarcely lasted that number of weeks.

It was established early in the 1750s by Stephen Theodore Janssen, a London alderman who was Lord Mayor in 1754 but became bankrupt two years later. Selling up his effects, the auctioneers described "a quantity of beautiful enamels, colour'd and uncolour'd . . . consisting of snuff-boxes of all sizes of great variety of patterns, of square and oval pictures of the Royal Family, history and other pleasing subjects . . . bottle tickets with chains for all sorts of liquor, and of different subjects, watch-cases, toothpick-cases, coat and sleeve buttons, crosses, and other curiosities, mostly mounted in metal, double gilt."

The art of enamel goes back to ancient Egypt. It consists of covering a thin sheet of gold, silver or (most commonly) copper with a coating of powdered flint glass and

A Birmingham commemorative enamelled snuffbox from 1761

arsenic, which is fused in a kiln. Apart from the high quality of its products, however, the historic innovation of the Battersea works was the art of transfer printing on enamels.

This technique involves first engraving a design on a printing plate. An impression is then made on tissue paper, which is immediately laid on the item to be decorated, so that the still damp ink is transferred to the glazed surface. The item is then refired. Simple as the technique may sound, the printers and potters of the 18th century had to solve enormous chemical and technical problems to produce impressions as delicate as those which appear on enamels.

The invention of the technique, revolutionary for the British ceramics industry, has been much disputed in the succeeding centuries, with the Liverpool engraver John Sadler generally receiving credit for it. Nowadays, however, the strongest claimant seems to be Alderman Janssen's Irish partner, John Brooks.

Born in Dublin in 1746, Brooks was working as an engraver in London. He was in Birmingham in 1751, the year he applied for a patent in the transfer printing, claiming "that the said art and method is entirely new and of his own invention."

In 1753 he became Janssen's partner in the Battersea Enamel Works, along with another high-living Irishman, Captain Henry Delamain, who provided the expertise in ceramic chemistry to go with Brooks' skill in engraving and transfer-printing.

With the closure of the Battersea factory the enamel industry moved to Bilston in South Staffordshire and to Birmingham, 12 miles away. The consequent migration of the out-of-work artists and craftsmen from Battersea to the Midlands often makes it hard to distinguish the work of the different factories.

The Midlands factories, however, developed their own styles and achieved standards in no way inferior to Battersea. In the later Georgian period there was a huge market for "trifles" for the new tourist trade, which the enamel works supplied in the form of novelty bonbonnieres—tiny boxes stamped out and enamelled to resemble birds and animals.

The auctioneer of poor alderman Janssen's bankrupt stock described Battersea enamels as "very proper ornaments for cabinets of the curious"; and Horace Walpole owned a collection. Since then collectors have never lost their enthusiasm for these small, exquisite and highly decorative items. One of the finest collections, now in the Victoria and Albert Museum, was formed by the omnivorous Victorian connoisseur, Lady Charlotte Schreiber.

The old collectors tended to prefer the larger objects—boxes, plaques, candlesticks, etuis, with the transfer prints in marvellous monochromes of puce and sepia or so exquisitely hand-coloured that they looked like miniature painting. The little "trifles," the comical dogs and canaries and blackamoor heads of the later period, were regarded as marginal novelties. Currently there is a reversal: Sotheby's say that in the last five years the trifles have trebled in value, while that of the larger and more scholarly items have hardly changed.

In terms of price, enamels still remain reasonably accessible. The finest object in the Mullens collection, which Christie's is selling on March 18—a large, early Birmingham casket with comedia dell'Arte scene after Watteau—has a top estimate of £8,000; and a lot of pieces are estimated below £400.

The collection was formed by Sir William Mullens (1909-1975) who was Prime Warden of the Goldsmiths' Company in the year he died. His special interest was in the links which can be traced with transfer prints on English porcelain of the period.

Mullens's special achievement as a collector was to gather together such important sets of Battersea portrait medallions of George II and his family and of the Gunning sisters, which had become accidentally split up over the years.

Mullens once told Bernard Watney, the authority on English enamels, who contributes a foreword to the auction catalogue, that he would "rather put money into enamels than into stocks and shares." Coming from a man who was Government Broker, it is a view that carries no little weight.

Janet Marsh

Archaeology

Picking up the pieces

MENDING THE broken dishes is an essential part of archaeology. From broken pots we date early man and learn about his daily life, society, economy and—sometimes—religion and art. To achieve this a pot-mender is needed.

Petros Petrakis, who died suddenly last month, was pot-mender for British diggers in Greece for 33 pears. He mended thousands of vases, in a life that took him from end to end of Greece, wherever the British put a pick in the ground. For my dig in south Crete—extraordinarily prolific in broken dishes—he once put together 400 pots in a month. Though I have not learnt to mend, he taught me much of what this satisfying and constructive craft is about.

The biggest problem is to find all the pieces. The diggers must make sure that the sherds are collected in the trench and sent back to the potshed. There they are cleaned with water, and often a 10 per cent solution of hydrochloric acid, to take away lime deposits. They dry. Then mending begins.

If a whole pot is recognised for what it is during the digging, it is much easier. It can be mended quickly to go to cataloguing, drawing and photography. But often what is sent down as whole turns out on washing to have gaps. Or there may be parts of several vases, especially if a pot store is being dug or a group that was together originally on a floor.

To get all the pieces of a pot, strewing on large trestle tables is essential. The sherds are separated by fabric (fine, coarse, cooking pot, etc) and shape and decoration. It is also a game of heads, bodies and legs. Rims go to the top of the table, bases to the bottom and body sherds in the middle.

The sherds should be strewed so that each one is visible. They are taken for a walk around the tables to see what matches or joins. Each sherd is pencilled on the back so that its origin is not forgotten. At Knossos, for example, the tables are round a courtyard, each with a different lot or trench, mirroring the plan of the dig.

Pot walking was one of Petros's specialities. He would stand back to survey a whole table (perhaps 600 sheds), and then pounce on a piece to add it to a pile he was collecting or even fit into a hole in a pot he was carrying round. Often he turned the pieces over to the inside because the clay, wheel or finger marks there are far better clues for matching than any outside decoration.

Petros Petrakis with a pitcher he had just mended

I saw how right he was when we came to he Herculean jigsaw puzzle of mending vases from a group of 100,000 sherds with thet chance of joins anywhere. We could strew only a litle at a time. But by going for the clay, we built up memories of the fabrics of the different pots. And the pots built up.

It is thrilling to tip out a new basket and come on a sherd: "Ah, I know where you are from"—and take it over, and it fits. In work which starts from controlled, scientific dismemberment—digging—to make whole again the crockery of our forebears is satisfying. It becomes a compulsion to see how many joins before lunch.

Petros mended most vases with shellac. He cleaned the breaks, put a blob of shellac on each sherd, heated them on a bunsen burner and pressed the sherds hard together. As the shellac cooled, he dabbed the mend with a wet sponge and removed bubbles with a knife. He could undo the mend by heating it again.

The modern method is chemical glue, which is undone by applying acetone. With either method, after the pots have been mended, and walked round the tables, and mended again, any holes that remain are filled with plaster of Paris. The vase looks complete, and the plaster is painted to suit the clay.

Another forte of Petros was mending pithoi, the large Ali Baba storage pars which began in Crete in 3,000 BC and are still being made for wine, oil and grain, and even become chimneys and dog kennels. (The "barrel" that the philosopher Diogenes lived in was a pithos.)

Petros was the first mender in Greece to use rivets of thick wire for them, instead of the overall insider smear of plaster which tended to collapse after a few years and bring the pithos down with it. He cut the holes with a power drill. His method leaves a good view of inside the pithoi and of how they were made.

Petros mended well over 3,000 pots for the dig in south Crete alone. His masterpiece was a handsome vase which is globular and has a narrow neck. It was difficult for him to get a hand inside as it built up. We found it in 1,200 pieces, many half the size of a little finger nail. He made it whole and alive again.

Petros was a happy, generous man, loved wherever he went. He and his wife Eleni adapted spiritedly to the different dig places. He had time always for a party, or for toasting chestnuts among the sherds. And by this he taught the stiff British what Greece and being Greek mean.

Now, near his workroom at Knossos, I have a pile of more pots to mend. I do not know who will do them. Pinned inside are photographs of recent dig teams, a cartoon of his receiving the MBE, and a postcard of Oxford I sent him in 1971. There are also photographs of a dig party we had in the mountains that year, with barbecued pork, walnuts, honey, mountain water, cheese brought down by the shepherds—and song.

Petros died at a taverna. He finished a waltz, and had a heart attack. Eleni told me they had been looking forward to the first dig of the 1987 season, starting in a few days in east Crete, because the wild flowers would be at their best. It is a heavy blow, but the mending must go on.

Gerald Cadogan

Jonathan Sale leafs through the Who's Who of British hacks.

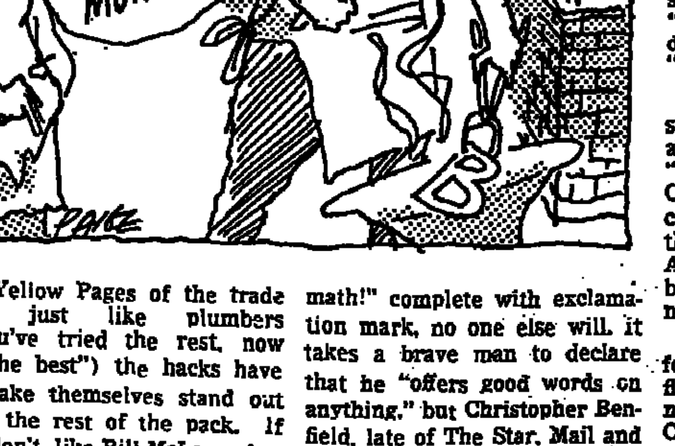
Words for sale, lots of uses

SCARCELY A week goes by without a new newspaper being kick-started into life, and observers may be wondering where all the readers are to come from. An equally pertinent question is: where are all the journalists to be found? The answer is that there is no shortage of folk prepared to pound typewriters, to judge by the pages of the latest freelance directories of the two trade bodies, the NUJ (which approximates to the NUM) and the Institute of Journalists (which resembles the Notts miners).

Between them there is little they cannot wrap in a crisp thousand words. Reva Brown offers "sexuality and knitting." Ingrid Hooper is an "astrologer, translates German" and Derek T. Ward provides news of "textiles and some martial arts." Ann O'Sullivan does "community politics and eating out," as opposed to Michael Watkins, who can do "religion and eating out."

All of these scribes are pushed into the shade by a Lady von Sternberg. As if that were not striking enough a by-line, she also trades under the name of Verushka Sebrof, and also of Vera-Brigitte and again of simply Biba. Apart from "film and psychology," she is a dab hand at "the occult, fortune-telling and magic" and possesses an unrivalled collection of photographs of "cats."

Daphne Jones, who labours under the disadvantage of not being Lady von Jones, has a niche in the subjects of "road safety, Milton Keynes." David Millward, who is handicapped by not being called Biba or indeed anything except David Millward, has cornered the market in "Pharaohs, many obscure kings." Philip Millington has 200 pictures of cooling towers and similar themes, none of them anything like those of John Winsor: "Acne, ulcers," not to mention "medieval tiles."



The freelance directories are the Yellow Pages of the trade and, just like plumbers ("You've tried the rest, now try the best") the hacks have to make themselves stand out from the rest of the pack. If you don't, like Bill McLean, describe yourself as La "Polymath!" complete with exclamation mark, no one else will. it takes a brave man to declare that he "offers good words on anything," but Christopher Benfield, late of The Star, Mail and South Manchester Reporter, is that man.

Good luck to him, and to Brian Ford, mainly a TV and radio man, who states firmly: "The written word is within my capabilities." You can't say the same of all those making a living from journalism. It can be said of Elestr (a misprint for "Lester?") Lee, though, who describes his subject matter as "anything sublime."

Others are less amibtious, such as Humphrey Evans, who admits to being a dab hand at "trivia of all kinds." Gordon Cook of Arbroath is pushed to come up with anything more than "highly thought of by the Arbroath Herald," which is better than nothing but not much.

Others again have not time for this self-deprecation. They flaunt their assets. Kate Holman is a "car owner," Jill Cochrane "needs little sleep" and Robert Tyrrel has "travelled 100,000 miles since World War 2," though whether he is boasting or complaining is not clear. Tricia Leishman does ghost writing, and also "readers' letters," which is news to anyone who thought readers wrote them. Peggy Trott produces an equally interesting concept, "books written by stars." Or rather books that would have been written by stars if they had written them instead of Ms Trott.

The really pushy hacks take out display ads in the directories. "Hello! I am James Filbin," declares James Filbin, "anybody out there care to make use of me? I have a diploma from the London School of Journalism and excellent references. (Signed) James Filbin."

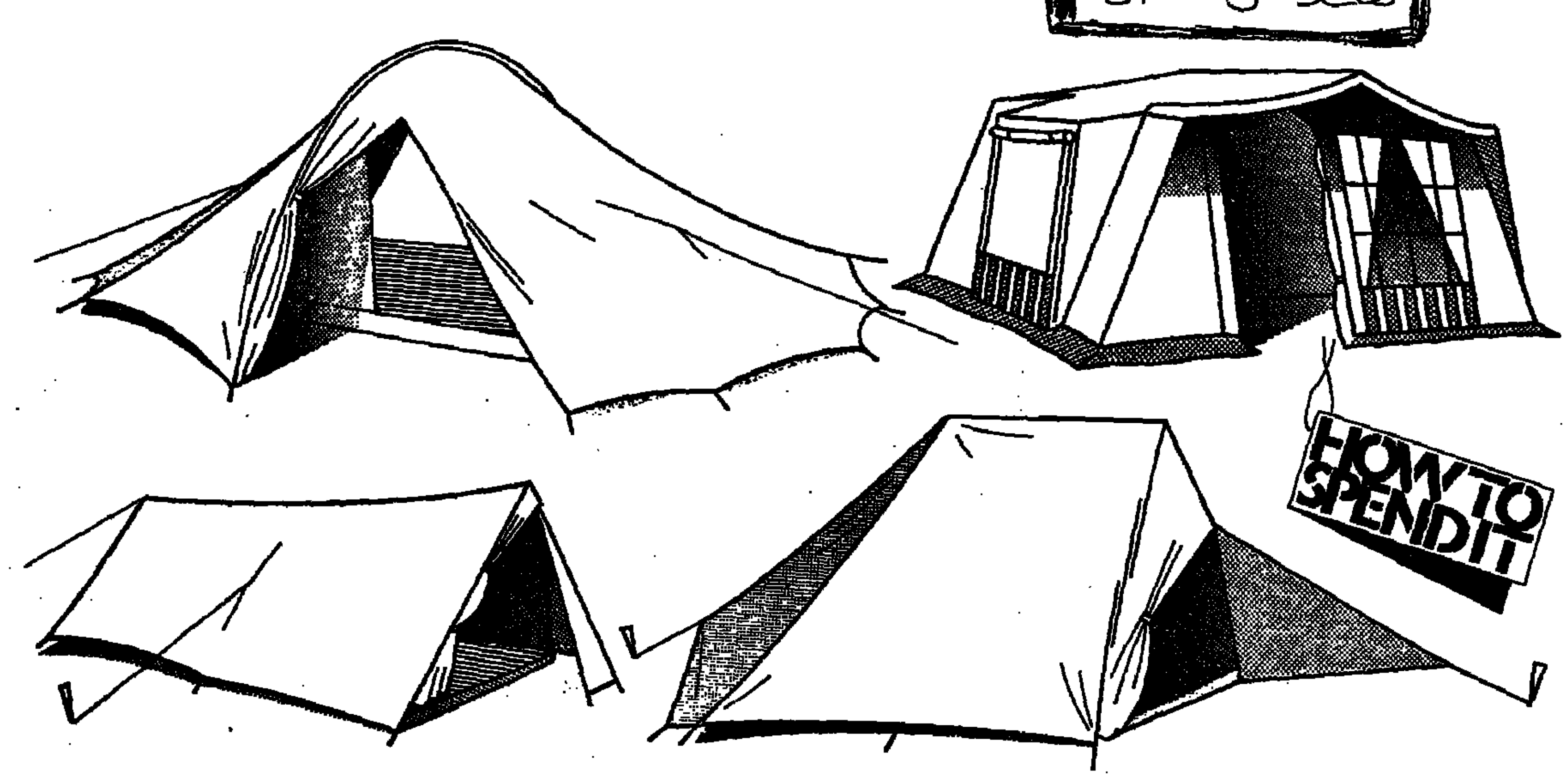
To which all I can say is: Hello. I am Jonathan Sale. I have no references at all in either of the directories, so have produced one now: Smart lad, bicycle owner, guaranteed no photographs of ulcers, seeks light duties of a journalistic nature. Trivia is within my capabilities, just, but need lots of sleep. Specialise in obscure cats and not eating out.

هكذا من الأصل

هكذا من الأجمل

Mike Strutt goes camping with his pick and choice of tents

Pitched in wind, rain and hope



Top left: Saunders Space-packer with access both sides (£215). Top right: Relum seven-berth Super 7 (£300). Above left: Vango Force 10 (£150-£250) and Caravan Kaipak 2 (£110)

THOSE WHO are wedded to their comfort-loving ways may find it hard to believe that there is a growing band of ardent campers whose idea of perfect bliss is a holiday under canvas (or, more probably, under nylon). Never mind our so-called temperate summers, the wind, the rain, the uncertainty—thousands are setting out with hope in their hearts and a tent in the car boot.

You may feel that now is not the ideal moment to be even thinking about sleeping out-of-doors but it pays to be wise—last summer inexpensive tents were selling almost as fast as they arrived upon the shelves and Argos, the catalogue showroom chain, says its tent sales keep on going up and up.

So if you think that this year may be the summer you venture under canvas, now is the time to take your pick. You can pay as little as £25 or as much as £600 for a family-tent with a separate cooking area.

If you haven't bought a tent for some time you'll be pleasantly surprised by the prices but probably bewildered by the choice. You should start by going to camping and outdoor equipment specialists such as the YHA Adventure Shops, and Field and Trek.

Then you should make quite sure you know for what you want to use the tent. Do you need a bivouac for two for the occasional weekend, or comfortable space for several people for two or three weeks?

Will you be camping only in the summer, or also at other times of the year when you'll need proper weatherproofing? Will you be using it on comfortable, all mod-con camp-sites or in the mountains? Think about storage space—you will probably need much more room if you're taking scuba diving kit than simply backpacking with a single change of clothing.

Tents fall broadly into three categories. For summer trips in mild weather, or to keep children happy for an overnight stay in the garden, there are plenty of inexpensive standard ridge tents, often from the Far East, and usually made of cotton. You could get one of these for under £50.

For serious camping, especially by people on the move such as walkers, climbers, cycle tourists and mountaineers, there is a huge variety of lightweight tents in many shapes and sizes and costing about £80-£300.

And, third, there are large-frame family tents, with windows, "bedrooms" and other mod cons for those who like to camp in comfort on a site. These are generally made of cotton and priced from £250-£600 for very large ones.

Strong ripstop nylon has become the norm for lightweight tents but cotton is far from outmoded in the real outdoors. It continues to be used, notably for Vango's tough Force Ten ridge tents (£150-£250), which families, youth clubs and expeditions take everywhere.

Tents are usually described in brochures as Two Seasons, Three Seasons or Four Seasons, a code indicating their suitability for spring/summer use; spring, summer and autumn; and year-round use.

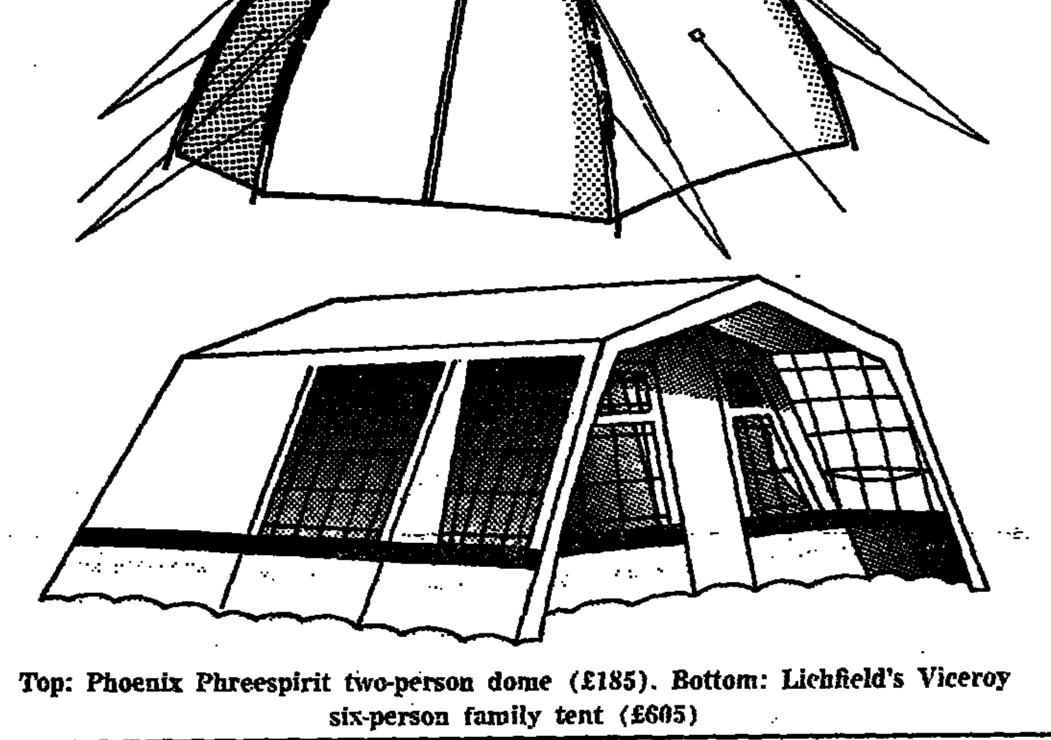
This is a good guide to a tent's capabilities and weatherproofing qualities and a partial one as to whether a particular model is likely to stay put in a gale or cope with the weight of snow in a blizzard. The code will help you decide whether you are buying something too basic or elaborate for your needs.

Some of the inexpensive tents should not be dismissed. The aggressively-named Combat range, made by Lichfield, is Design Centre listed and includes the Combat 1 (which sleeps two) at only £35 and Combat 3 at £47—both good-quality two-season tents. The Combat 5, which sleeps five, is very good value for a group or family at about £70.

Shape is important. Small tents with sloping sides usually have too little room to sit up in properly except in the centre, while several people can sit comfortably around the sides of a dome. Some designs ingeniously add more awning space for cooking and storing gear, and others can be put up more quickly when the weather is bad.

Speed is a case in point. If you plan to go camping only once in a while, or stay two weeks in the same spot, it will not matter whether it takes 20 minutes to fit everything together and put the tent up. But to pitch somewhere new each night, perhaps in bad weather, requires a tent which can be put up easily.

Two features are worth looking for: tents which pitch flysheet first so that you can shelter while erecting the tent inner; and shock-corded poles, in which the individual sections are joined by elastic cord. These need only a shake or two to spring into an assembled pole and the pieces cannot be lost.



Top: Phoenix Phreespirit two-person dome (£185). Bottom: Lichfield's Viceroy six-person family tent (£605)

Size is a serious matter so don't wait until you're on the road to find out your tent is too small. The description 1-2 persons means exactly that and to sleep two for more than several nights demands that you had better be on good terms.

For instance, Saunders' ultralight backpacking tent, the Jet Packer (weighing only 3 lb) comes in 1-2 and two-person (£159) versions. And Saunders' two-person Space packer with its single transverse hoop pole also comes in two sizes. Prices are about £115-£215. These Saunders' solo and two-person tents are also sold to cycle tourists by Freewheel as Pakit 1 (£125) and Pakit 2 (£160).

Another good-quality 3-4 season tent, and keenly priced, is the Caravan Kaipak 2, a transverse ridge design costing about £110. A larger model, sleeping three (Kaipak 3), costs £125 while Lichfield's three-season Sherpa sleeps two for £105.

To sleep four, the very roomy Lichfield Beaver dome design has a three-season rating and a door sheltered by a canopy. About £95.

In the Phoenix range, catering for the solo backpacker or cyclist through to families and expedition groups, the single-hoop, A-frame and geodesic designs include the two-person Phreak (£130) and roomy Phreedome also for two, at £180.

Price is not the only guide and you may be able to find what you need without paying for all the extras in an all-weather tent. For example, Vango's two-season, six-sided dome, the EN186, sleeps three—with room to sit comfortably—and costs only £60.

The roomy large-frame frame tents, which the French turned into an art, are harder to find in Britain nowadays because of the weak pound. And now that there are packaged camping holidays abroad where the tents are already pitched and waiting, many campers can spend a few weeks under canvas without needing to buy their own.

But if you do think about buying one of these, they are robust and make a long-lasting investment (up to 20 years' use) for families and groups who want to stay where they please.

They have extra features compared with lightweights since the extra weight, up to 50 lb and more, and bulk, are less important when they only have to be carried from the car or trailer. There is full standing room, a kitchen area, and PVC windows with curtains, creating a home rather than a shelter.

The main British maker is Lichfield, whose range will happily take four to eight people. There are models with a front canopy, rear door, and panels which can be zipped bac[k] in fine weather.

But while French tents a[re] not much in evidence in the U[K] you can find a range of we[ll] made and keenly-priced fram[e] tents from Czechoslovaki[a] under the Relum label.

Relum's large three to seve[n] berth tents cost from about £1[..] to £350 and sell with and wit[h]out kitchen sections ar[d] canopies. Also from the sam[e] maker come very hardy fo[ur] and six-berth ridge tents at £8[..] £100.

To find the various maker[s'] ranges you will need to sho[p] around.

Addresses: Crystal Pala[ce] Camping Equipment, 5-[..] Church Road, London SE19 (te[l:] 01-653 6890); Crosley Tordo[..] Camping Equipment, Newga[..] Pontefract, Yorks (tel: 097[..] 702002); Field and Trek. Shop at 23-25 Kings Road, Brentwoo[d,] Essex and 3 Palace Stree[t,] Canterbury, Kent. Mail orde[r:] Wates Way, Brentwood, Esse[x] CM15 9TV (tel: 0277 233122[);] Freewheel. Shop: 275 West En[d] Lane, London NW6. Mail orde[r:] PO Box 470, London NW2 (te[l:] 01-450 0768); YHA Adventur[e] Shops. In London, Mancheste[r,] Birmingham, Bristol and othe[r] cities (tel: 0784 58625).

Tidy ways to take up your tent and travel

Weight and bulk are the twi[n] problems when transportin[g] tents. If you walk or cycl[e] solo, then 5 lb or so is abou[t] top weight since the tent is onl[y] part of the load. But two peopl[e] can divide the weight of [a] heavier one, say, six to seve[n] lbs; one could carry the inne[r] section, the other the flyshee[t] and poles.

Motorcyclists can carry a 1[..] 15 lb tent without difficulty. [In] both cases, look for poles whic[h] reduce to short sections—shoc[k-]corded poles are useful here—so that everything can be fol[ded/] stowed.

Taking a large tent by ca[r] can be awkward if you do n[ot] have a big estate or hatchbac[k.] Racks for modern cars withou[t] roof gutters are pricy if yo[u] have to buy one specially.

A practical solution for reg[u]lar trips is to tow a 5 ft x 3 [..] camping trailer — cost abo[ut] £170—which has its uses [at] other times too. Ferry cos[ts] are higher though because [of] the extra overall length.

Lucia van der Post is on holiday

Edmund Penning-Rowsell looks at the 1986 growths

Vintage outlook is set fair

THERE IS certainly too much wine floating round the world. Are there now too many successful vintages? Standards of wine production are rising everywhere as shown, for example by the very palatable French vins de pays, mostly from the south and midi.

Yet the falling consumption in producing countries such as France and Italy is not matched by rising wine drinking habits elsewhere. Good wine is more of an encouragement to drink than bad, and good wine is more likely to come from successful harvests than from poor ones.

Most of us when we think of "vintage wines" contemplate something rather grand: classed-growth clarets or estate-bottled German wines. But all wines, even if blended, come from particular years. The "house" claret, the own-label Côte-du-Rhône or the modest Chianti should taste more agreeably from a "good" year. Last year's Beaujolais Nouveau was nothing like so downable as the previous one.

However, reports from the vineyards indicate that 1986 was a favourable wine year in western Europe.

As we buy an enormous amount and a great variety of wines from France, its vintage results are critical. There were severe storms throughout the country just before the vintage: torrential in Alsace, very heavy in Burgundy, Bordeaux and the Rhône, and drenching in the Loire.

This caused serious problems for growers almost everywhere. If they waited rot might spread, as it did in Chablis, and who knew if it would rain again? Many growers started picking in around the last week of September, when the grapes were to some extent still affected and diluted by the rain. Those producers made less fruity, thinner wine than those who had the courage to wait.

Good, ample crops were brought in throughout France, but there were considerable variations in quality. In 1964, when it rained for a fortnight from October 7 everyone claimed to have picked early. In 1986 we may expect widespread assurances of "Monsieur, we picked late." Consumers wondering whether to buy superior 1986s in opening offers must rely on careful selection on the spot or in London trade tastings by trusted merchants from whom we are accustomed to buy.

In Alsace picking starts seriously in October and does not finish until at least well into November. So September's torrential rain had dried off, but contributed to a large, sound vintage of reliable wines: not another 1985, but still welcome; and prices are reported lower.

WINE

In Burgundy, as was clear at the Hospices de Beaune and Hôtel de Ville tastings in November, the whites are very much better than the reds, which often lack fruit. The whites are excellent, some as good as the fine 1985s. But the red 1985s have increased their reputation in a region where leading vintages occur much less frequently than in Bordeaux.

Burgundy drinkers who have not bought their 1985s should look at merchants' lists now, because any re-buying will be at higher prices, if only because of the fall in the exchange rate.

The 1986 crus Beaujolais are light and inferior to the 1985s, but there are said to be some good Chalonnais 1986 reds, from Givry, Rully and Mercurey. The white Mâcons, headed by Pouilly-Fuissé, are reported to be excellent. It all depends on when they were picked.

The Rhône had an average year after the important 1985s. There are not many off-years there, and a lesser reputation may result in attractive prices for reasonably fast-maturing wines.

It is hard to generalise about the Loire. Muscadet is produced in an Atlantic climate near the mouth, while Sancerre and Pouilly-Fumé in the upper reaches are affected by warmer weather. The Muscadet, picked early, may be less good than in 1985, but the upper-river wines will be better, with more acidity than in the hot vintage weather of that year. The rather light red Touraine and Anjou wines will not be so good as the fruity 1985s, and the sweet whites less seductive.

For those wondering whether to buy the 1986 clarets en primeur, the problem may be price rather than quality. After the driest summer for over 20 years and sweeping rain in much of the Gironde in mid-September, slightly delayed picking produced yet another record crop. There must be difficulties in selling the fourth good, large vintage in five years, and this should lead to lower prices.

In Champagne, although 1986 is unlikely to be a vintage year, the trade secured the result it wanted: a big crop to follow the small, inadequate 1985 one. As 70-80 per cent of champagne is a non-vintage blend of more than one year, the infusion of 1986 will be satisfactory.

Elsewhere in western Europe the vintage was average to good in quality and large enough in quantity, with a few exceptions. In Italy production varied from average in the north-east and Lombardy, to more plentiful crops in Piedmont, Tuscany and Sicily. The Chianti vintage, now more closely controlled under the garantita status, is reported as good. Bad summer weather in Umbria cut the volume, but quality is good there as well as in Trentino/Alto Adige and the Sicilian vineyards.

In Germany the situation is very different. After the diethylene-glycol scandal, which severely affected exports, there was a disastrously small crop in 1985. Last year a fine crop was badly needed, but although it was almost double the 1985 volume, about 75 per cent was Qualitätswein, which is almost all sugared. There was nearly 20 per cent Prädikat wine. Nor has the high value of the Deutschmark helped. A really fine 1987 must be hoped for.

Spain also suffered from torrential pre-vintage rain, especially in Jerez where the streets were flooded. This caused rot, so that the vintage was nearly 20 per cent down. There is no shortage of sherry, but the vast surpluses of recent years have been largely eliminated by planned reductions in production and stocks.

Elsewhere in Spain the harvest was broadly average in quantity and quality, though lower than in 1985. Rioja and Novarra made less wine owing to poor weather at the picking. With a less volatile climate than further north, Spanish wine output is normally fairly consistent as it was last year in Penadès, but very heavy in Valdepenas, a region we are likely to hear more of as it seeks outlets in the EEC.

Port suffered a disappointment in the Douro Valley last autumn. After a very fine summer there were prospects of a 1986 vintage declaration. But in September the rain teemed down and only an average quality year is in prospect. So it now looks as if the vintage year will be 1985. Rain also spread all over Portuguese vineyards, although in this climate the effects were less serious than further north.

Books old and new for cooks plain and fancy

COOKERY BOOKS are getting better all the time. Any reader who thinks that everything is automatically getting worse—and that more means worse—should turn their attention to the cookery shelves—or better still go round to Books for Cooks.

Most amateur cooks lust after cookery books and when I found Heidi Lascelles manning a stand at the International Food and Drink Exhibition at Olympia last month I hastened to it. Where is her shop? Just near Portobello Road. Does she have then a huge stock of second hand books? Not at all, nearly everything new.

For a moment I felt disappointed: but what's so special about an old cookery book? Well, there's my own old copy of Elizabeth David's "French Provincial Cookery," bought new in 1962 and now looking like a tramp's bundle of rags, not only spineless but brown with gravy and honest sweat. But, like an old teddy bear it is special only to me, no value to anyone else.

Old cookery books have their charm and their uses. A very few are pioneering works, like the recipes of Boulestin and Pomiane. Often they breathe a pleasant air of Edwardian dinner parties, of brown gravies and Imperial Stout with the oysters. But functionally they are largely dead and they belong in the library, not the kitchen.

Old cookery books are not as good as modern ones; most of the second-hand cookery books you will find in any second-hand shop are written in the 'thirties and 'forties by ladies from "Home Notes," telling young housewives how to make Brown Windsor soup without a cook. I have sometimes been tempted by these and they sit unloved and unstudied on the shelf.

Books for Cooks (4 Blenheim Crescent) is—considering it only sells new cookery books—very much larger than I imagined. Heidi Lascelles, who runs it, is a very energetic woman and she scoops in a lot of material from France, Germany and the US. At the back of the shop is a little kitchen where writers can cook something up for a demonstration or a promotion.

Inevitably, quite a lot of space is given to health foods and diets because this seems to be an area in which reading and cooking go exceptionally close together (is it that people who deny themselves eating are particularly prone to reading about it?) or are considerations of nutrition (which used to be such a faddy thing) moving into the mainstream of people's food thinking? Oh, the latter, I suppose.

But most of the books are beautiful, and not just with lovely pictures of food. "Coffee-table cookbooks" we think, imagining a golden age when it was not so. But what is wrong with lavish illustrations? One of the prettiest—and most often consulted—books I own is a shameless coffee-table book called "The Book of Ingredients," by Philip Dowell and Adrian Bailey, whose main raison d'etre is a series of stunning colour photographs of everything from yams to pig's lights. There is even a loving photograph (from above) of a glass of brown ale. It gets your juices and enthusiasm going better than I can and, dare I say it, better than Elizabeth David, M. F. K. Fisher or Jane Grigson. Their best bits, the bits we read over and over again, are when they get us going and honestly good pictures manage that kind of thing very well.

FOOD FOR THOUGHT

Don't let me give the impression that Books for Cooks is a palace of promotional picture-books. You will find there the proceedings of the Oxford Symposia on cookery and some facsimilies of ancient works. But Heidi Lascelles is nothing if not an expert in the way the business is developing, here and abroad, and she holds strong opinions on the right way ahead.

Peter Fort

Zara Steiner on the eccentric career of an old-style British diplomat

Holy See's war

BRITAIN AND THE VATICAN DURING THE SECOND WORLD WAR
by Owen Chadwick.
Cambridge UP. £25.00, 322 pages.

D'Arcy Godolphin Osborne, the British minister to the Holy See from 1936-47, is a figure of some importance whom Owen Chadwick has rescued from obscurity by making him the main subject of his Ford Lectures delivered in Oxford in 1981.

Osborne, a bachelor who ended his life in Rome as the last Duke of Leeds, remained at his post even after Italy entered the war. Accompanied by his secretary, butler, cairn terrier, and four Italian servants, one a Fascist spy who had to be dismissed, Osborne moved into confined quarters within the Papal City remaining there until after the Italian armistice. As well as Osborne, Professor Chadwick presents a fascinating and essentially sympathetic portrait of Pius XII, a man whom Osborne found humane, warm, sensitive and even saintly but wanting in decisiveness and ever fearful of compromising the neutrality of the Papacy.

Using Osborne's diaries and dispatches, Professor Chadwick provides much new information on the activities of both wartime popes. He is particularly interesting on Pius XII's involvement with the conservative opposition to Hitler in 1940, questionably suggesting that the British missed an opportunity on this occasion. The same conspirators were to consider approaching Osborne and Pius XII again in 1943.

There is a brilliant chapter on the conclave of 1939 written with the ironic verve one has come to expect from Owen Chadwick. New light is cast on papal attempts at a compromise peace after the French armistice. The final chapters include a striking depiction of the German occupation of Rome as seen from inside the Vatican; and the small but arresting detail that the Pope hoped no coloured troops would be garrisoned in Rome when the Allied occupation began.

The central figure of the book is Osborne, an old-fashioned aristocrat right out of the pages of Harold Nicolson's Some People. Even at the worst of times, this man who liked the good things of life had his supply of whisky and Sobranies. His butler used the black-market to provide diplomatic luncheons (not lunches) which would not shame his master. Little was expected of the minister to the Holy See though both the British and French had hoped for support from Pius XII whose candidature they had strongly backed. The Foreign Office wanted Osborne to remain at the Vatican to underline the Holy See's independence and neutrality. Osborne, in turn, suffered from boredom, physical confinement and all the other irritations of a restricted and semi-monastic life.

Nonetheless, he found ways to be useful to London without openly violating the terms of his continued residence. Dispatches were carefully composed in cypher to keep London informed without compromising the Vatican for it was known that the papal diplomatic bag was searched and it was correctly surmised that even Osborne's cypher had been broken.

The minister recorded the daily BBC news bulletins for the Pope providing the only channel for Allied information. If Professor Chadwick is correct, for his sources naturally highlight Osborne's role, the British minister was centrally involved in the Italian peace feelers of 1943 and his cypher used during the armistice negotiations. Once the Germans entered Rome, Osborne and his butler created an escape route for ex-prisoners and refugees, activities which were known but tolerated by the German ambassador, von Weizsäcker, for whom Professor Chadwick has considerable sympathy, and even by some of the Vatican authorities, until the Gestapo intervened.

Osborne's relations with his "hosts" were complex. He was aware of papal sympathy for the Allied cause but dismayed by the silencing of Radio Vatican and the muzzling of Observatore Romano, the Vatican newspaper, which had followed an independent line much to Mussolini's annoyance. Even more frustrating as the war continued was the Pope's refusal to condemn publicly the rising tide of Nazi atrocities. Osborne repeatedly pressed the Pope to speak out only to be turned softly away by a combination of papal charm and saintliness.

It was not until the summer of 1942, according to Osborne's diary, that the news of the Final Solution reached the British envoy, who, with others, demanded a clear denunciation of the German massacres of the Jews. By December, even Osborne's patience had worn thin by what he later called the Pope's "meticulous and seemingly pusillanimous" neutrality. In particular, Osborne was appalled by the contrast between the Pope's silence in the face of the Holocaust and his active if unsuccessful campaign to preserve Rome (the Vatican was promised immunity) from Allied bombardment.

The Pope's much heralded Christmas message of 1942 was hardly strong or clear, mentioning only the "hundreds of thousands of innocent people put to death. . . sometimes merely because of their race or descent." But it seemed all that could be secured either then or later when the Jews of Rome were rounded up for deportation to Auschwitz. Osborne ceased to petition the Pope and turned his attention to the papal protests over the bombing of Monte Cassino and Rome which the minister personally deplored.

Chadwick confirms that the Vatican, though not Osborne learned from the very abbot whom the Nazis used to denounce the Allies that the monastic grounds had been used by German military forces. Chadwick critically examines Britain's role in these raids as well as its part in the armistice negotiations; though much here depends on a consideration of material which lies outside even this author's range.

This is an engaging and engrossing double portrait of a British minister and a Pope. The book is a pleasure to read, balanced, fair, reasoned, witty, and never boring. Chadwick stresses the practical limitations on what the Papacy could do and the doctrine of preserving the Church eternal rather than its intervening in the struggles of the day. Yet he never directly or personally wrestles with the basic question which this study of Pius XII inevitably raises. Can a Pope who keeps his silence and offers no clear condemnation of such barbarous acts be called saintly?

To argue that others were equally passive, or that nothing the Pope could have said would have helped the victims, avoids the central moral issue. Is it enough to write that the Pope was not "bad enough" to comprehend the nature and extent of the Holocaust, or to contend, as Chadwick does, that the world in which the Pope existed was far removed from that of the death camps? One feels after finishing this book that the reader deserves a more searching and forthright conclusion from an author who is, after all, both cleric and a historian.

Girls and painters

THE PRECARIOUSLY PRIVILEGED: A PROFESSIONAL FAMILY IN VICTORIAN LONDON
by Zuzanna Shonfield. Oxford £17.50, 247 pages

THE MARSHALL FAMILY were on the fringe of several circles of late Victorian society. Dr Marshall was a distinguished surgeon and an FRS, but just missed a title. He is best known now for having been Rossetti's doctor and attending the Madox Browns and other artists who paid his bills late and with sketches. But it meant that his wife and family were invited to "arty" parties. It is on the diaries kept by the younger daughter, Jeannette, that this story of the Marshall's typical middle-class life is based. Jeannette was pretty and pert but to her chagrin the beaux who enjoyed her wit and admired her looks had no intention of taking them into matrimony.

The caustic remarks on clothes and manners in the diary tell us nothing of the personalities concerned that she met. At the Madox Browns, for instance, did she see Rossetti plying Mrs Morris with strawberries? Was Emma Brown always drunk? Did Marie Stillman bully her daughters into playing the piano? Again, medical callers of interest cross the pages but Elizabeth Garrett Anderson disappears into the Doctor's study and Sir Henry Acland, close friend of Ruskin, confidant of Prince Albert on drainage, the first to use the stethoscope on reluctant female patients, only comes in by the wrong door.

Jeannette and her sister were not in the Cimabue Brown set but copied the dresses and décor. They became more involved when Art Nouveau gave way to the later humdrum phase. Jeannette even sent samples of her handwork to the Morris firm only to have it turned down by Bessie Burden. The sisters were among the culture-vultures who attended the Arts and Crafts lectures which proliferated at the fashionable New Gallery in Regent Street where they went to hear William Morris and his followers.

Now the diaries expand to provide more details, still caustic but with a basis of serious interest. This is welcome since most accounts of the characters concerned have been written either by pious disciples or irreverent outsiders. The young Mario Praz seeing them on his first visit to London found "old men got up to look like artists . . . with slovenly clothes and the yellow faces of dyspeptic dreamers." Jeannette notes that Cobden Sanderson has a "nose like a sharp red pencil" and has to keep hitching up "the leather band he wore instead of braces." Henry Holiday has "the most distressing 'champagne-bottle' shoulder."

But she shows respect for Morris himself. He may sway from foot to foot and have a bad delivery but "he spoke in most excellent and varied English." She also commented with some shrewdness: "Why should we go back to the Gothic when he objects to going back to anything else?"

At thirty-five, just when she thought she would have to reconcile herself to spinsterhood, she met a widower, Edward Seaton, and decided to deal no more in Flimsy Dalliance, as she called her flirtations, but to accept his offer of marriage. She found him an uncomfortably ardent lover but put up with it. They had one daughter and all lived happily enough ever after. Zuzanna Shonfield has made an interesting period piece out of this material.

Rosalie Mander

Paying for the peace

DOCUMENTS ON BRITISH POLICY OVERSEAS: SERIES I, VOLUME III
edited by Roger Bullen and M. E. Pelly. HMSO £35.00, 435 pages

THE ANGLO-AMERICAN Loan negotiations of August to December 1945 were an unequal struggle between an exhausted Britain, and an all-powerful US. In this third Volume of Documents on British Policy Overseas, the story is told by Mr Bullen and Ms Pelly, with a copious array of official telegrams between London and Washington (code-named "Nabob" and "Baboon"), and a valuable summarising preface by Ms Pelly. Altogether it is a fuller and more authoritative historical account than any yet.

The sudden and (by the British) unforeseen cancellation of Lend-Lease by Truman—acting out of incomprehension rather than malice—on August 18 set off a deteriorating phase in Anglo-American relations which lasted till the Marshall speech on June 1947. The vision and magnanimity of Roosevelt had died with him, and the sophists, economists and calculators had taken over. In Keynes's words in one telegram "The grand gesture of unforgetting regard which would enable us to share world responsibilities with" the US "free from undue financial pre-occupation and to join them in shaping the pattern of world commerce and currency" had vanished. So from September 6 till December 6, "substituting prose for poetry," the negotiators battled on.

Halifax, Keynes, Brand of Lazards and Robbins, sent telegrams from Washington almost every day; and almost every night at No. 10 until December, Attlee, Bevin, Morrison, Dalton, Cripps and officials collectively replied. The Americans wanted to impose all sorts of irrelevant conditions, such as the end of Imperial Preference, the "writing down" of the UK's other debts, and convertibility of sterling. In the end all were resisted except the last, and a credit of $4.4bn was obtained, which saved the British economy from immediate collapse and avoided a cut in food rations below wartime levels. The inevitable resulting cost was the "convertibility crisis" of August 1947.

On balance, however, it was worth the risk, as these documents make clear beyond serious dispute. For by June 1947 General Marshall had learnt the lesson, and a new and far more constructive partnership emerged.

Douglas Jay

V. S. Naipaul: rural outlook

Naipaul goes to grass

THE ENIGMA OF ARRIVAL, A NOVEL
by V. S. Naipaul. Viking £10.95, 318 pages

IT WAS Gissing who up to now wrote the best book about a writer retreating to a country cottage. He called it an Author at Grass and used the changing seasons of the year as the background to the reflections of a solitary novelist. The publisher disliked that title and made Gissing change it to The Private Papers of Henry Ryecroft. Gissing's earlier title—an author at grass—would be a very good way of describing V. S. Naipaul's new novel. The two books share a certain amount of common ground.

Like Ryecroft, The Enigma of Arrival is firmly anchored to the country cottage where the voice of the book—the I of the story—lives alone, and gives the reader a grave monologue, observations on his past life and descriptions of his present environment. Like Ryecroft, the book is much concerned with the interaction between a writer's private experience and his imaginative creations. Like Ryecroft, the fictional mode is chosen for what is the author's most personally felt book, the one which contains a directly autobiographical account of his apprentice years. Like Ryecroft, a pastoral mood is sustained in the first section (Jack's Garden) and the precise location (rural Wiltshire near Salisbury Plain) established in topographical detail as the author quietly celebrates his present way of life, his bitterly earned contentment.

Then, as one season succeeds another, this illusory early mood of calm is subtly shattered and the author turns from looking at the English countryside to looking into the depths of his own soul. At the time he wrote Ryecroft, Gissing was in complete retreat from the world, trying to recover from the wounds left by two hideous marriages. He did not want to see or talk to anyone; even the cleaning woman was bidden to go about her task in complete silence. Ryecroft lives entirely through the compensation of communion with great literature.

But Naipaul, though just as reclusive as Ryecroft, has not ceased to have an active novelist's curiosity about the world around him represented by the human beings who are his neighbours in this country environment. It is his penetrating insights into the characters of these local English types, contrasted with his memories of the people he had known when he was a boy in Trinidad, and the people he knew later when he first came to London aged 18, determined to make his mark as a writer, that lifts the novel right out of its idyllic framework and gives it a direct engagement with the contemporary world.

Naipaul has the slowest pace of any novelist now writing. He simply will not be hurried as he piles on detail after detail, some of them so trivial as to seem hardly worth recording. The market gardener has a pointed beard, the car hire man dons a peaked cap when he goes off to work, the gardener up at the manor wears a felt hat and a tweed suit. Then, suddenly, all in Naipaul's own good time, these details, which may have been sketched in 50 pages ago, click startling into place: we have a revelation, an apotheosis. It is a technique which owes as much to Conan Doyle as it does to Proust. At any rate it serves to make this humdrum collection of people, trying to eke out a living in a part of England which has no longer any use for such skills as they possess, among the best realised characters in modern English fiction.

The novelist succeeds in defining them not only in relation to himself, an alien presence in many senses, whom they are slow to accept, but also in relation to the process of historical change of which they are living testimony. He is acutely conscious of both the permanence and the transitoriness of all human endeavour. The book takes us near its end to the funeral in Trinidad of the novelist's sister, a ceremony conducted with the full ritual and prayers of Hindu tradition. The funeral service reveals the permanence of that tradition even though many of those present are deeply sceptical of its significance. The whole structure of the family as seen in the mourners present has changed as much as the country itself since the novelist's youth. Through his patient method of detailed accumulation Naipaul shows a similar pattern of change affecting the world of the English manor house, its land and dependent cottages in one of which he is a tenant. The island of Trinidad, turning from the slump in sugar to the boom in oil, and the Wiltshire village, turning from Edwardian feudalism to the egalitarian unemployment of modern times, are both encompassed by the novelist's sweeping vision. No one who wishes to enjoy the rich experience and rewards offered by a novelist, who demands from his readers a tenacity as great as his own, can afford to neglect this fine book.

Anthony Curtis

CRIME

RAZOR SHARP
by Mike Winters.
Weidenfeld & Nicolson.
£9.95 244 pages

TONY FLORENTINO is back. The young New York show business agent, who helped bust a drugs ring in Mike Winters's first novel, Miami, One Way, puts his unconventional methods to work to unmask a psycopathic murderer.

This time the action is in England, where Tony is accompanying his latest act, a comedian with a cocaine habit. They are part of a group of Americans who are taking part in a series of TV shows, and when a young girl is brutally slaughtered Tony works out that one of his party of weirdos must be the killer.

Despite the grim subject of the crime there is plenty of humour, with Tony blundering his way towards financial success, watched over at a distance by his ex-boxer father—one of the really endearing creations of recent crime fiction.

The show business background helps to give authenticity to this pacey, racy, brutal tale.

Brian Ager

Malcolm Rutherford on Heseltine's strictures and proposals

Ex-minister speaks

WHERE THERE'S A WILL
by Michael Heseltine.
Hutchinson. £12.95. 312 pages.

MICHAEL HESELTINE, the Defence Secretary who resigned from Mrs Thatcher's Cabinet over Westland last year, has performed the remarkable feat of not spilling any beans, not making any personal attacks, yet still writing a rather engaging book about his political philosophy.

Westland is not mentioned; neither is Mrs Thatcher, except in passing. Yet Where There's a Will is clearly a basis for Heseltine's manifesto for the time when the Tory leadership begins to become vacant.

Heseltine differs from the bulk of the present leadership in two respects. One is that he has impeccable credentials in the private sector, believing in privatisation, wider share ownership, the enterprise society—the lot, but at the same time thinks that there should be a stronger role for the Department of Trade and Industry.

The other is that he is perhaps a more determined and passionate politician than any member of the present Cabinet, save the Prime Minister herself.

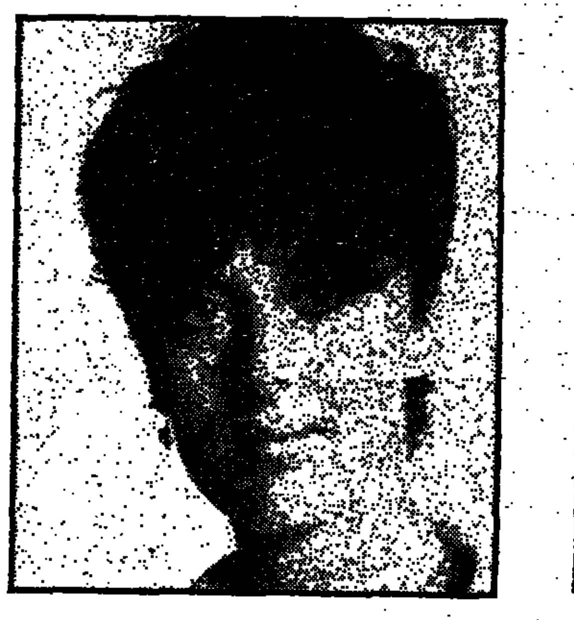
Quite why so many leading Tories would give their eye teeth to be Secretary of State for Trade and Industry is one of the mysteries of Mrs Thatcher's Conservative Party. But it is the case, and Heseltine is one of them. Not only would he strengthen the Department; he would make the Secretary of State preside over the meeting of the National Economic Development Council as well as over an enhanced Cabinet Committee, and altogether upstage the Treasury.

The theory is that only through closer co-operation between government and industry will Britain be able to compete in the big league with France, West Germany and Japan. The thinking is remarkably similar to that of John Smith, the Labour shadow secretary. It is most unlikely that Heseltine will get the job so long as the present Prime Minister has anything to do with it, but he has set out what he thinks and done so without rancour.

Where he is closer to the nerve of the government, however, is in his determination that something can be done about the inner cities. As Secretary of State for the Environment, he was responsible for Merseyside and other blighted areas. He sought to harness public and private capital and to introduce any bright idea that he came across. This is the best part of the book. No other Minister has gone about the task with comparable vigour.

He tells one story previously unknown to me. The man most responsive to Heseltine's appeal to the private sector to help renovate Merseyside was Robin Leigh-Pemberton, then the chairman of the National Westminster Bank. It was he who mobilised businessmen to go to Liverpool and see for themselves. Perhaps that goes some way to explaining his elevation to the Governorship of the Bank of England.

Peter Walker, one of Heseltine's mentors, said at the time that the chief result of his resignation was that the Cabinet looked a lot greyer. The Prime Minister now faces a problem: can she, should she, bring him back if she wins the election? I think she should, if only because he is too colourful and able a figure to waste on the back benches. He has a Welsh background. She could make him Secretary of State for Wales where he could apply his policies to his heart's content and without undue interference from anyone else. The post is about to fall vacant.



Amanda Prantera and Jeanette Haien: posing crucial questions

Byronic software

LORD BYRON
by Amanda Prantera
Jonathan Cape, £9.95. 174 pages

CONFESSIONS OF A GOOD ARAB
by Yoram Kaniuk, translated by Dalya Bilu.
Peter Halban, £9.95. 215 pages

THE ALL OF IT
by Jeannette Haien
Faber & Faber, £9.95. 145 pages

A SPORT AND A PASTIME
by James Salter
Jonathan Cape, £9.95. 191 pages

A RATHER pretty girl inclined, like so many of us, to confuse software with hardware, gets Byron to answer questions about his Cambridge days in 1805. Or rather gets the computer, which has been fed every single findable fact about him, to come up with every single possible or improbable answer (if I read things correctly, which, like Anna, I may not).

Fat, pasty-faced and pathetically rather than romantically lame, Byron at 17 is not the pop-idol he is to grow into; and his shaky confidence in his own identity (sexual or otherwise) is further undermined when, in chapel, his eyes meet those of a radiantly beautiful choirboy. Well, Anna asks, how is it all to be interpreted? To whom are the Thyrza poems addressed? Is there a single great love in a life as full of lovers as Byron's?

This is a sparkling book by Amanda Prantera, written with an elegance that makes each sentence, soft or hard, a pleasure whatever it deals with. All to easily a book as idiosyncratically planned might seem to be straining after originality, working too hard for credibility, or becoming an essay in literary science fiction. But not a bit of it. Seldom has my disbelief been so willingly suspended.

Confessions of a Good Arab races along in short sentences, simple in style but complex in meaning and feeling, a marvellous read which seems extremely well translated (i.e. reads like an original work). Yosef, who writes his own story, has two surnames, Rosenzweig, his mother's, and Sharara, his father's — two identity cards, used as he needs them, and two distinct identities, sets of feeling, loyalties, loves and hatreds. One identity is uppermost sometimes, the other at others, and each is as powerful and all-absorbing as the other. Behind his life is that of the grandparents who fled from Germany before the Holocaust; and of his father, the miraculously beautiful Arab Azouri.

The terrible incongruity of two peoples who hate each other in the one place comes home to Yosef when he visits the home of an Arab friend who has been killed, bringing his sympathy, only to be thrown out by the father who sees him as a Jew. Similarly, on the Jewish side, he is reviled and hated as an Arab.

Thus Israel seems impossible for Yosef. Significantly, the story is set to end in the most neutral, most internationalised, most flavourless city of all, Geneva. Artist, activist, Yosef is impossible to pin down; his persona, like his race, is fluid. There are many novels today about ferocious incompatabilities, the myths of enmity. But I have never felt so strongly the despairing impossibility of commitment and understanding as in this one.

The All of It is, in its way, also a story of impossible relationships and star-crossed lovers. Very short, very spare, a novella to be read at a sitting, it is hung loosely on the fishing exploits of Fr Declan, a country priest in County Mayo who ends by catching a salmon weighing nearly 25 lb. ("You'll be God Himself in the pulpit tomorrow!" he is told). But behind the carefully described sport in the cold and the rain is the story of Kevin, who dies after telling his good friend Fr Declan that he and Enda, for nearly half a century considered so, are not in fact married, and, even more mysteriously, are unable to marry on his deathbed. After Kevin's death, Enda tells him why: they were brother and sister.

This is a first novel by a well-known American concert pianist. An unlikelier setting, from someone of her background, it would be hard to imagine. But the imaginative leap into lives of great simplicity and harshness is triumphantly achieved.

A Sport and a Pastime was originally published 20 years ago in America; and it is nice to be able to welcome its appearance in Britain.

A plain, uncluttered narrative — short sentences and much dialogue — tells the story of a young American driving through France, his love affair with a provincial girl, their wanderings in the countryside, stays in small hotels. Very direct, cinematic, sensual and complete.

Isabel Quigly

Horror story

REQUIEM FOR A WOMAN'S SOUL
by Omar Rivabella, translated by Paul Riviera and Omar Rivabella. Penguin, £2.95. 116 pages

WHEN Requiem for a Woman's Soul got its first English language publication in the United States, Omar Rivabella's book was greeted with the kind of interest and unqualified enthusiasm usually reserved for a Garcia Marquez or a Vargas Llosa.

Judging by the publicity surrounding the book's first British publication, Penguin books is clearly counting on an equally bubbly reception this side of the Atlantic. The "boom" in Latin American literature beginning in the 1970s with 100 Years of Solitude and temporary revived in 1985 with Isabel Allende's House of the Spirits is in the publishers' view now alive, well and kicking.

Mr Rivabella has certainly picked on a sexy story, and I choose my words carefully. The blurb on the cover of this paperback running to a little over 100 pages describes the novelette as a "story of hell on earth the anguished record of Susanna's incarceration, torture and despair in a political prison."

It would not have been amiss for the blurb to mention that on almost every other page Mr Rivabella presents us with a fish-eye focus on the sexual abuse of the female sex. Oral rape, buggery, masturbation, whipping, water submersion, every trick in the sado-masochistic's handbook is gleefully worked over by Mr Rivabella.

Why, one asks, did Mr Rivabella not write a Requiem for a Man's Soul, or at the very least put Susanna in the accurate historical context of clandestine camps where men outnumbered women and where torture was never exclusively sexual?

The book is compiled in the form of two juxtaposed diaries. The first written by a village priest, the second by a political prisoner, both living in an unnamed Latin American country which Mr Rivabella seems to want us to identify as the Argentina of the juntas. The priest's first entry is the description of his discovery of a box filled with dirty bits of paper. As he begins to read them he realises that they are the diary of Susanna, smuggled out of prison. The more the priest reads the greater is his moral dilemma, unsure of whether his true condition is that of confessor or passive witness.

These are the elements from which someone like Graham Greene could have made a master work. But here the style is forced, less art than clumsy artifice, the characters of the main players conveyed neither physically nor psychologically. Even as pornography, the book is a failure.

Jimmy Burns

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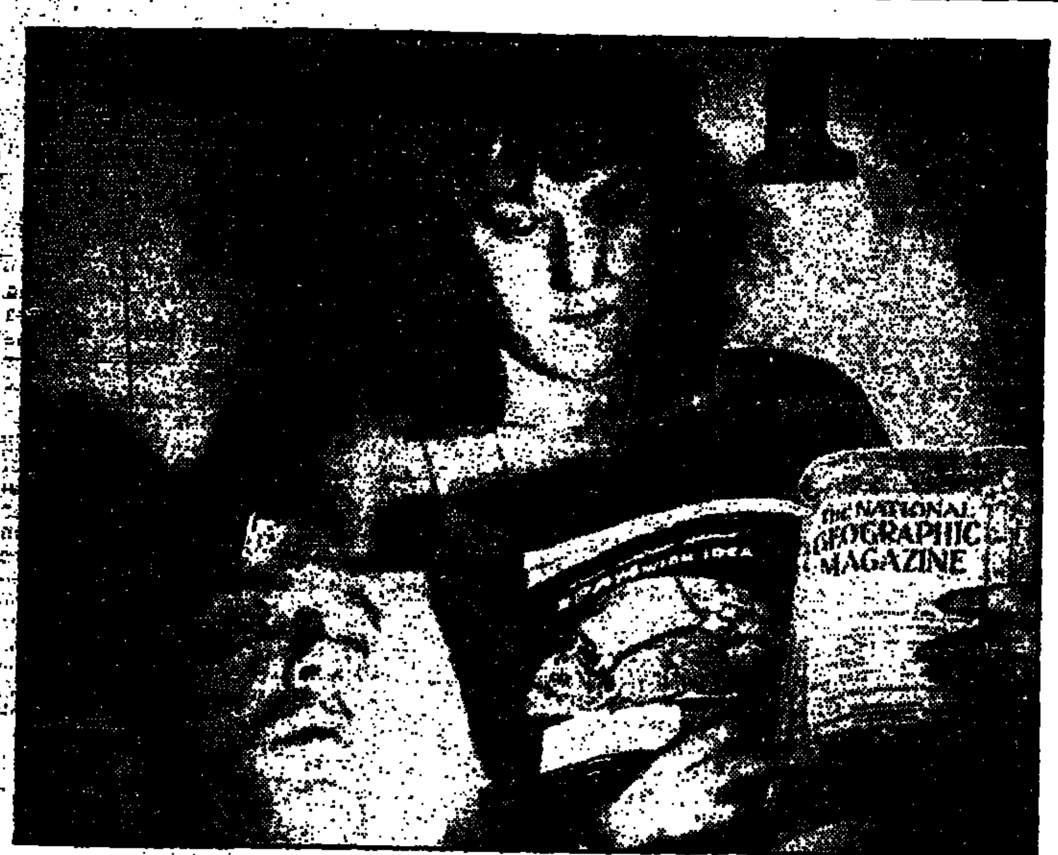


Phillip MacKenzie and Ledlie Borgerhoff in "Face Down"

Forced charm

THE INSTITUTE of Contemporary Arts in the Mall is presenting a season of new theatre projects under the generic title of "Home Work." This week, we have seen an hour-long animation of Edward Hopper's Cape Cod, *Face Down*, in which two melancholic dancers enact a lost weekend to the sounds of the sea. Before that, the Sheffield-based Forced Entertainment company gave a stirring impression of a group finding its feet and its voice while absorbing the pervasive Continental influences of Pina Bausch and Jan Fabre.

New theatre is in crisis in Britain; and not just at the RSC or the National. The 1970s and, it often seems, the 1980s have slipped by without any British theatre group making a name for itself comparable to that of the People Show or Pip Simmons in the late 1960s. Steve Shill, the man behind *Face Down*, and Tim Etchells, of Forced Entertainment, are widely held to be leaders in their field.

Yet there is a persuasive atmosphere of tentativeness and apology about their work. To see it is to forsake the mainstream literary traditions of most theatre, be it the Bush, the RSC or the West End; our "alternative" theatre workers are grappling, unlike their favoured contemporaries, with a much wider range of cultural resonances.

They are, in brief, finding their way. Critics, by temperament and inclination, are impatient with this work. And supportive commentators are liable to undermine their usefulness by disappearing in a welter of litanical superlatives about potent images and erotic vigour. Every now and then, a big Continental operator comes along (Bausch or Fabre) in whose shadow all the little work gathers and accumulates, both sheltering and peeping out.

Certain principles of composition are discernible. *Face Down* and Forced Entertainment's (*Let The Water Run Its Course*) *To The Sea That Made The Promise* are pieces made in five movements, with a narrative soundtrack designed to suggest disjunction between "real" events and recorded evidence. In the first, a putative Hopper couple is given a story of romance and honeymoon while gulls screech and waves lap and the Cape's intense sunlight filters through the slatted doors; in the second, two couples, equally rain-lashed and remote, convene in a dilapidated warehouse to find solace and refuge from the exploding city of wire and concrete. Alienation is the common theme and each piece has memorable climatic outbursts: the Hopper couple executes a violent foxtrot as the storm gathers; the warehouse inmates throw tomato ketchup over each other in a conscious imitation of war-time atrocity.

Steve Shills has incorporated many evocative Hopperisms into his scenario: the nude girl rising at dawn and hesitating to dress as the wind ruffles the curtains; the figure hunched, knees together, on the side of an unmade bed; that characteristic sense of subjective privacy and objective curiosity on the artist's part. But

Michael Coveney laments that 'New Theatre' in Britain is facing a crisis

whereas Hopper has become a fashionable source of quotation in much contemporary art—whether in Jonathan Miller's representational use of *Nighthawks* in *Rigoletto*, or Victor Burgin's photographic superimpositions on *Office At Night*—Shills makes a thorough acquisition of Hopper as a means of expressing his own dramatic obsessions and elaborating on the rather austere and gloomy tableaux of his previous work with Impact Theatre.

I still think *Face Down* is a disappointing show. But it does evince a real style and a notion of what this sort of theatre *might* become. The same is true of Forced Entertainment, who are loaded with charm and integrity but are for the moment incapable of breaking loose from received clichés of physical and gestural theatre. Tim Etchells' text, delivered on tape in the flat Yorkshire vowels of an alternative Alan Bennett, is highly diverting, especially in its latter lyrical stages.

Let The Water, like so much of this new work, is a post-apocalyptic vision of England, "a waking dream" it is claimed. The company's publicity invokes both J. G. Ballard and Laurie Anderson, and these are justifiable points of reference. All art, up to a point, exists in relation to other art, and this is doubly true when art is considered at one remove by the critic. Shills and Etchells are talented *auteurs* in their mid-20s who have obviously responded to the Continental avant-garde but who, equally obviously, want to use what they have learned to make, if possible, original statements.

The ICA isolates their problem by proposing this season as a showcase for new work, fastidiously deleting in its publicity such well-worn labels as "performance art," "experimental," "visual" and "avant-garde." The ICA's theatre director, Michael Morris, proceeds with the following manifesto: "A culture that fails to acknowledge the importance of research cannot develop. And a culture that does not develop stands still. Our theatre, in the main, is in danger of standstill."

Champions of this new work find their most eloquent and experienced spokesman in John Ashford, a former director at the ICA and the guiding spirit behind the current "Spring Loaded" dance festival at The Place opposite Euston Station. He identifies a lack of both cultural and financial support (he means critics and the Arts Council) for new work and fears that Forced Entertainment and Steve Shills, "the best of their generation," are the mere residual trickle from the 1970s; those other talents are either out of business or working abroad. Beyond Jan Fabre and the other big Belgian influence, Epigonen, the new groups have no example to follow, no rivals to kick against.

Pip Simmons and the People Show were never absorbed by our major subsidised companies, and there is no sign that these valiant successors will be entrusted with large stages and vast resources in the way that Jan Fabri is in Belgium (Fabre is currently preparing an opera trilogy to be jointly produced by the leading opera houses of Brussels and Amsterdam). Their work may be occasionally difficult and disappointing; but it is at the sharp end of the nation's cultural self-expression, and for as long as it is ignored by the National and the RSC, it will find a welcoming home at the ICA.

Clement Crisp reviews the Royal Ballet's new production of Swan Lake

Bravery and honesty triumph

WHAT IS Swan Lake? It is a horrid fact that each ballet company and each nation seems prepared to foist misconceptions and misdemeanours on a gullible public in the good name of Chaikovsky. Every kind of dramatic fatuity and textual corruption is allowed, only provided that somewhere in the evening there are girls pretending to be swans, and *fouettés*.

Even the Royal Ballet, whose first staging in 1934 came in direct line from the Petersburg original by Petipa and Ivanov, has across the years so edited and over-painted a reasonably authentic version that the old classic was cruelly mis-shapen. Thus the wisdom of Anthony Dowell's decision (as director of the company and producer of the new staging) to find a text as honest as can now be ascertained in presenting the Mariinsky Theatre original. With the guidance of Roland John Wiley, eminent Chaikovsky expert, a choreographic and musical structure was established (as Professor Wiley recounted in last Saturday's *Financial Times*) on which a recension might rest secure.

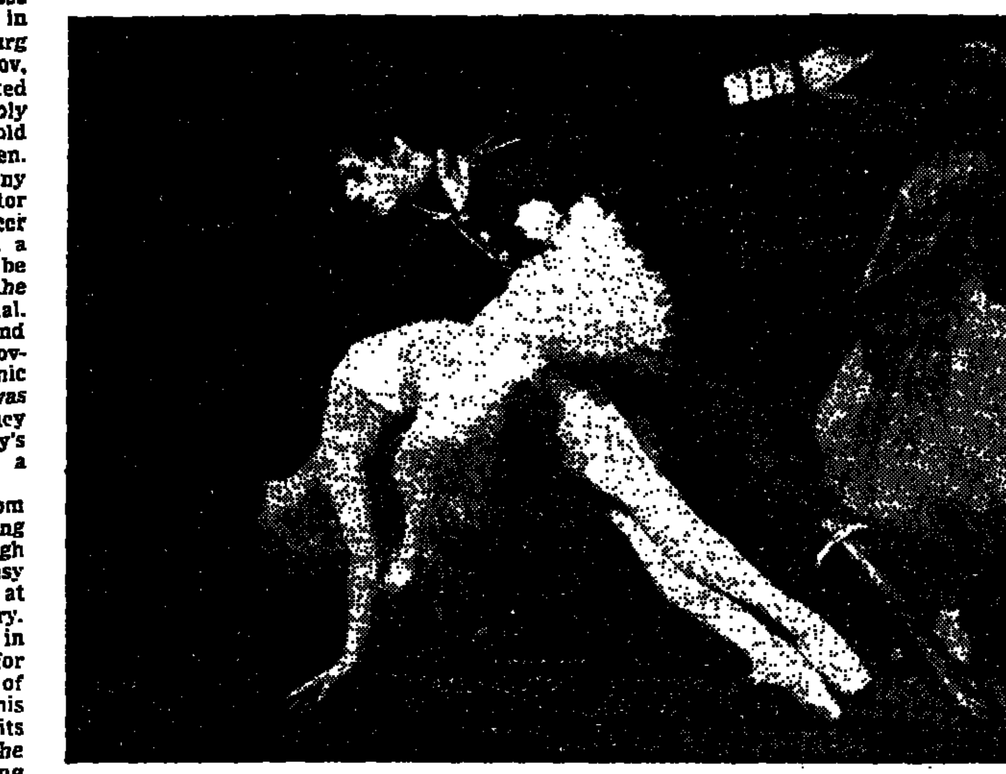
The major departure from the original is in the up-dating of the action from a High Gothic Germany to a fantasy court, very Russian in tone, at the end of the 19th century. This is strongly evident in Yolanda Sonnabend's design for the first act, and in the detail of its production, and it is in this that the version is at its weakest. Our first sight of the stage is of an act-drop featuring an enormous egg-shape, with gold tendrils, swirls of colour and fabric, which propose the world of mystery which Siegfried inhabits. Our first full view of the action is of a palace garden overcrowded with over-dressed characters, the Royal Ballet's artists busily acting their heads off as courtiers, chaperones, peasants, cadets, and, worst of all, as Siegfried's Tutor—a role grimly over-played by Robert Jude.

The dance incidents are straightforward, well reasoned — even the traditional waltz with stools and maypole is there, albeit in a new version by David Bintley — but so flustered by the encroaching characterisations and the glitter of baubles in Miss Sonnabend's design that the basic excellence of the set and its power in conveying Siegfried's world is much diminished.

Once this dramatic and decorative hurdle is cleared, staging and design seem to me to be fine. The lake-side is all mystery and dream-like vistas. The swan-maidens wear beautiful long tutus. Von Rothbart does not bang about the stage like a demented vampire, but is a brooding presence. The choreography looks pure, and brings on a touching group of students as Odette's attendants. The dance rings true. The ballroom becomes an extravagant location ideally suited to the hallucinatory nature of the action. The courtiers are attending a *bal masqué*, the wild flare of their dress, the hectic air of glinting gold and jewel-colours the proper framework for Odile's deception. There is an edge of hysteria to the scene which explains Siegfried's behaviour, and his readiness to accept the false Odette.

For the final act, with Ivanov's dances restored and seen, I believe, as never before with the Royal Ballet in their lyric simplicity, the staging reaches a proper culmination. Ivanov and Chaikovsky and the drama speak as one. It was here, in Thursday night's gala at Covent Garden, that Cynthia Harvey and Jonathan Cope, who led the staging, were at their most communicative. Miss Harvey was everywhere a technically accomplished if dutiful heroine, Mr Cope a boldly dancing if less boldly miming hero.

But in the desperate exchanges of the last scene, in the softness of Miss Harvey's dance and the ardour of Mr Cope's response, the poetic value of the tale was borne to us with grand immediacy. There will be more to say of the staging and of interpretations after later performances. For the moment, a welcome for the enterprise and for Mr Dowell's bravery in seeking the path of authenticity.



Alastair Muir

Cynthia Harvey and Jonathan Cape

Records

Jazz giants descend to mediocrity

MILES DAVIS has for long been an enigmatic figure in jazz. For several decades his music has been shifting momentously in its concept, changing constantly. It has exasperated many of his devoted followers, some of whom have fallen by the wayside as, with his 61st birthday approaching, he ploughs resolutely the fashionable field of funk, fusion, disco-dance and electronics, leaving jazz, in its most widely understood and accepted form, in the distant hedgerows.

The inescapable fact is that the Miles Davis of the 1980s is a heavyweight disco-funk musician besotted by technology, as his most recent album *Tutu* (*Warner Brothers*, 925 490-1), named after the South African bishop, illustrates.

Davis's position in contemporary music is pinpointed accurately by the credit on the LP's inner sleeve to someone for "synthesizer programming." In fact there are few non-electronic sounds on the album. The most notable exception is, naturally, Davis's own harmon-muted trumpet which, at times, is joined by the soprano sax of Marcus Miller, a multi-instrumentalist associate of Davis since the early 1980s.

Davis spits out phrases in his familiar, economic, understated style which certainly impressed the judges of the recent Grammy Awards in the USA who voted his playing on *Tutu* the best solo instrumental jazz performance of the year. Even so, however hard I try to enjoy or perhaps even grudgingly admire what I hear, my inevitable and reluctant conclusion is that what is assembled is little more than forgettable background music.

Possibly a stronger word than forgettable should be applied to the latest recording from that other titan of the trumpet, Dizzy Gillespie, who turns 70 this year, and whose *Closer to the Source* is his first LP on the Atlantic label (781 646-1).

Once again Marcus Miller (on electric bass and synthesizer) is closely involved and, to add weight to what was obviously intended as an attractive marketing package, pop star Stevie Wonder and one of the fashionable Marsalis brothers, Branford, who toured with another pop star, Sting, were brought in. Their participation (minimal) adds little to what can be described charitably as Gillespie's most lacklustre record in many years.

In seven nondescript compositions he plays in an aimless, desultory way, showing neither sparkle nor inspiration. He is doing little more than going through the motions. The final track, "Textures," a Herbie Hancock theme, contains compensatory moments of interest when Kenny Kirkland weighs in with some convincing, committed playing on acoustic piano.

For the rest, let it rest. Far better and far more satisfying to sample the work of one of this island's imposing new talents, alto saxophonist Jamie Talbot, on his debut album, A[illegible]de (Move MVLP 21). Throughout a thoughtful mixture of compositions Talbot, mainly with rhythm section backing but sometimes with tenor saxist Dave Quincy, shows all the familiar trademarks of a young, enthusiastic, bursting-to-play musician: sound technical prowess and storming attack on fast tempos.

On ballads such as "Drifting," he is welcomely restrained, his appreciation of dynamics a revelation. Likewise his reading of "This Masquerade" and "I Can't Get Started" are considered, not excessively spun out. Talbot may not have yet learnt the importance of spaces and intervals in his improvisations but certainly this will come. In a mixture of contexts here he compels attention, as he always does on live performances.

It is not surprising that Talbot is a former member of the National Youth Jazz Orchestra, responsible for producing so many of this country's leading jazz musicians in the past 21½ years. The title of the band's most recent LP, *With an Open Mind* (NYJO 007), felicitously defines its and its founder Bill Ashton's catholic view of jazz music and how audiences should approach it — and the band. Again a frighteningly talented array of young musicians play well-structured themes, expressing a diversity of moods and idioms with a civilised mixture of discipline and excitement. All nine tracks contain memorable facets. The adeptly negotiated time signature of "Revenge of the Amoebae," Steve Waterman's eloquent trumpet solo on the LP's title track, the whole band's control on the very slow "*Midnight Oil*" are just three. Another NYJO gold top album with, as ever, generous playing time, over 52 minutes.

Leave My Name at the Door ... (Wave 29) is the second LP from District Six, a band formed in Britain in 1983. Its music is based on that of the townships of South Africa and is named after the bulldozed Cape Town ghetto. Founder members Mervyn Africa (piano) and Brian Abrahams (drums) continue to supply the solid roots and authenticity for the quintet which, when heard live, provides one of the most exhilarating experiences on the jazz circuit. On disc, it is not so overwhelming. Here the recording balance is often awry, affecting particularly trumpeter Jim Dvorak. However, the spirit is what counts and that comes through powerfully, impelled by the momentum of Africa and Abrahams.

The non-South Africans, Dvorak, tenor saxist Harrison Smith and fretless bass guitarist Dill Katz are no slouches, though, in conveying the sad—and happy — African feelings. Smith has an extended work-out on "Drums for Nelson" while Katz contributes some steamy accompaniment on "Ilanga," named after another black township.

Kevin Henriques

Radio

Serial bound on Sunday

I HAVE never managed to read J. R. R. Tolkien's *Lord of the Rings*, lack of application I suppose, but I shall try to hear all of the repeat on Radio 4 on Sundays. Its Wagnerian humours are beautifully presented in Brian Sibley's radio version, there is apt music by Stephen Oliver, best of all there is a cast which includes Michael Hordern as Gandalf, John Le Mesurier as Bilbo (though he is off on a journey at the end of Episode One) and Ian Holm as Frodo. (Are there no female Hobbits in the tale?) The first episode is admirably unstable; the picture is set and at once — well, in a mere 17 years — becomes precarious as we learn about the dangerous qualities of the Ring, of the threat from Sauron. If the next 12 episodes continue as ingenuously enthralling as I found the first, my Sunday afternoons are lost to other occupations for the next three months as, half a century behind the mass readership, I surrender my attention to Mr Tolkien.

But 90 minutes of every Sunday evening are already serial-bound, with *Martin Chuzzlewit* at seven o'clock and *Proof* at nine. Are there people who will devote themselves to all three? *Martin Chuzzlewit*, now just over halfway through, will attract the Dickensians, though I have to confess that for me its most interesting feature is the fact that Dickens originally meant to call it "*Martin Sweedlepipe*." But Pecksniff comes to Dickensian life in Christopher Benjamin's playing, and Patricia Hayes does an agreeable Mrs Gamp. *Proof*, Ernest Dudley's dramatisation of Dick Francis's book, is tirelessly exciting, with its beautifully contrived curtains and Nigel Havers as Tony Beach.

Another Beach turns up on Wednesday's new serial, P. G. Wodehouse's *Summer Lightning*, so full of familiarities that it is hard to believe one has not heard it before. The dramatised version is by Richard Usborne, our greatest Wodehouse expert; Lord Emsworth is played by Richard Vernon, the Hon. Galahad by Ian Carmichael. This is the one about Hugo Carmody and Sue Brown and Ronnie Fish. Timothy Bateson plays Beach the butler, discovered asleep on duty.

Radio 3's Friday drama-slot was occupied this week by a repeat of Sternheim's *The Fossil*, but it produced a queer item on Tuesday in the shape of Lord Berners's novel *Count Omega* dramatised by Mike Steer, music and all. Its hero, Emmanuel Smith, is a young composer. He wanders uninvited into Count Omega's party, where the event of the evening is to be a performance by the count's adopted daughter Gloria. The performance is of a single long note on the trombone, so superbly beautiful that Emmanuel resolves that it must be included in his uncompleted symphony. He meets Gloria by way of her dressmaker, Mme d'Arc, and Omega arranges everything, theatre, orchestra and all. What Emmanuel doesn't know is that the count has a weakness for practical jokes, and at the performance of the symphony what should have been Gloria's trombone solo is farcical. She cannot in fact play the trombone, and a newly-invented synthesiser has been installed behind the scenes. Unfortunately it sticks and produces a prolonged fortissimo C natural until the audience shouts it down.

A lot of charmingly camp detail is included in John Theocharis's production. We hear a good deal of Emmanuel Smith's First Symphony, up to the entry of the solo trombone; it is in fact Lord Berners's "L'Uomo dai baffi," played by the Aquarius Ensemble under Nicholas Cleobury. A very good joke, this was.

Another six-part series, that began on Radio 3 on Sunday, is Lord Rawlinson's examination of the influence of the Jesuits; but it would be better to wait until I have heard a little more.

B. A. Young

Chess Solution No. 663

1 N-Q7 (threat 2 Q-B4 mate). If 1 ... K-Q4; 2 Q-B5 ch and 3 N-B8 or 3 Q-B4. If 1 ... P-K7; 2 N-B6 ch, K-B5; 3 P-N3. If 1 ... K-B5; 2 Q-K5 ch, K-N5; 3 Q-KN5.

Blunt-edged Knife

IF *The Knife* were the stage version of something in the way *La Cage aux Folles* is the musical of an hilarious and endearing movie about homosexuals, it would be the musical of a clinical textbook on transexuality. In one characteristically dry, unemotional scene, a character reads from a sex textbook in a library while the protagonist on the other side of the stage wordlessly mimes to his wife his yearning to become a woman.

Such is director David Hare's misguided, almost mechanical approach in *The Knife*, a musical by Nick Bicat, with lyrics by Tim Rose Price, at New York's Public Theatre. The operatic score distances the characters from their own emotions, especially with rhymes like "hormone/silicone" and the emphasis on the trivialities of life rather than the motivations.

Hare's book sets the tone by having his protagonist, Peter, choose to change his sex not out of an attraction to another person or long-held yearnings but from the chance remark of a woman he befriends who comments: "From the way you looked at me, you could be a woman." Peter mulls over the comment in a powerful song in which he sees "flashbacks in my life," then runs across the stage twice and is ready for the operation.

However, it is not ready for him although all its formalities are excruciatingly detailed in what seems a celebration of its purely technical achievement.

The cast is overburdened with professionals, including a therapist, GP and surgeon. Anyone else contemplating the operation would be grateful to know the obstacles, at least in a medical bureaucracy like Britain.

T[illegible] in the audience who had [illegible] thought of having it done can only squirm uncomfortably as Peter lies on the operating table, his head hung morbidly over the edge staring upside down at the audience, while the rarely-assembled chorus in green surgical gowns sings the disco title song, "The Knife," and the surgeon, as lead singer, handles a scalpel like a mugging weapon.

The music underscores the gloom, with extended passages of woodwinds and violins that cry out in pitiful solos. The few hummable phrases tend to go to women, especially Peter's rejected wife who sings what sound like snatches of Judy Collins folk songs of the 1960s. Otherwise, the music reflects the grating unpleasantness of Peter's life and his constant arguing with people around him.

His one cheerful moment comes when he plays solitaire on the night before the operation and sings a single line to his happiness. It seems such a waste of Mandy Patinkin's resonant and clear tenor voice, which has only rare chances to show its range and colour.

Mary Elizabeth Mastrantionio's Jenny, the woman who inspires the operation and befriends Peter, seems the model of sophisticated femininity, from whom Peter learns to hold a glass and walk like a woman. But she has her own aggressiveness that causes a split with Peter on the eve of his operation.

The long-suffering wife, Angela, is, in the person of Cass Morgan, understanding to a fault until Peter returns as Liz after the operation. Angela refuses to let him move in across the street and disrupt the new household she has established with the local choral leader.

Although there is a cast of two dozen, they rarely appear on stage in more than twos and threes and, when they do, Hare puts them in clumps. Hayden Griffin's set and Tharon Musser's lighting are minimal. The first act appears in dismal, constant half-light unrelieved by scenery that consists primarily of changes in the angle of the stage floor and a niggardly use of props.

Composer Nick Bicat has wanted to do a musical about a transsexual for 11 years, but a third of the score was composed during workshop performances before the opening. Much of the action seems like filler for the substance of his ambition (as he described it in an interview) to treat the transsexual as "a new kind of mythic hero, someone who could not have existed in any other century through whom you could focus a lot of emotions."

This comes out in the production only once, in the opening of the second act, when Jenny calls Peter "a mythical beast with cloven hooves." Peter rejects this image, causing his angry rejection of her as well. The result is a musical that uses music to hide feelings rather than display them.

Frank Lipsius

WEEKEND FT

• SPORT •

A dark horse unearthed in Co. Meath

Dominic Wigan on a fine Irish prospect for the Cheltenham National Hunt Festival next week

THE HORSES arrive first—40 in all, airlifted from Dublin tomorrow and next Tuesday. Then the main force of the Irish invasion arrives—owners and trainers plus 3,000 to 4,000 roistering supporters whose annual trek from Ireland to Cheltenham for the National Hunt Festival meeting constitutes one of the happiest, most tumultuous pilgrimages in world sport.

Next week's Festival is unlikely to give the Irish much to cheer about in the Big Two: the Waterford Crystal Champion Hurdle or the Tote Cheltenham Gold Cup. But they'll find plenty to bet on, including an obscure but talented gelding, Ceart Go Leor, from a tiny stable in County Meath that might well put a smiling Irish girl in the record books on Wednesday.

If he wins the gruelling four-mile National Hunt Chase, Ceart (pronounced cart) Go Leor will enable 28-year-old Suzanne Finn to become the first Irish trainer of her sex to land a prize at the big Cheltenham meeting.

Suzanne, a slim brunette with striking blue eyes, trains Ceart Go Leor at the end of an unmarked track off a tiny country lane in rolling countryside 25 miles north-west of Dublin.

Recently, having located her Spring Valley stables behind a thick hedge near the village of Summerhill, I arrived in driving rain to find only 22-year-old Gabriel Costello on duty. I *knew* I was in Ireland.

Gabriel not only looks after Ceart Go Leor but is a member of the youngest — if not the smallest — team in Irish racing, his one senior in age being *Martin Lynch, 29, a leading Irish professional jockey.*

For Suzanne, the perform*ance next week of the gelding* I had come to see could have a major bearing on Spring Valley's immediate financial future. It might also help determine whether several thousand Irishmen win big or blow their money at Cheltenham next week.

To look at, Ceart Go Leor, a seven-year-old, is not particularly imposing. A dark bay, he *is more in the lean mould of an* old-fashioned chaser. Yet he is a handsome individual with a white star on his forehead and a strong masculine neck. More important—I am told—he can run, and run, and run.

In the small rented cottage she shares with Martin Lynch half a mile from the stables, I asked Suzanne how—with no financial support—she seemed *poised to make an* impact in a sport still dominated by men.

"I'm not really from a racing background," she told me, "but I went into pony racing — flapping — as a teenager, and that got me interested. After that I got into racing proper, first at Liame Browne's stable, then with Mick Bartholomew."

Although she started training only in 1983, Suzanne has notched some useful prizes. Her own mare, Rush Lady, gave Spring Valley its first Flat winner last year, and then her uncle's Carrig Breeze won more important races at The Curragh and Leopardstown.

Accompanied by the trainer, I set out for a sortie to Naas races where the plan — *explained Suzanne* — was to give Ceart Go Leor's Cheltenham rider, the champion amateur John *Queally, the feel* of the gelding in a school over two miles and eight or nine fences with a chaser or two from another stable. Spring Valley's only runner at Naas that day was Romerhof.

As we drove to the racecourse, Suzanne — last season's joint point-to-point champion in Ireland—explained that she had started in her own right with a rented yard at Greenogue, outside Dublin. Then, as now, money had been a problem. "I've never gone to the sales with a big cheque book," she said. "In fact, they're all small-money animals. Ceart Go Leor cost only 3,000 guineas."

Although not the fastest of chasers, Ceart Go Leor is a tremendous jumper and a front-runner who can gallop forever, according to Martin Lynch, his usual race rider.

We arrived at Naas to find an expectant crowd and the last of the storm blowing itself out on the silvery hills of Wicklow. Almost everyone had *come* for a drink, a bet, or simply a day out. Few spectators noticed Romerhof tiring in the clinging mud to finish out of the frame in the fifth race, and fewer still waited until dusk to watch Ceart Go Leor work his way round. Sent off ahead of two novices and jumping like a stag, albeit a little to the right, he *had forged* 20 lengths ahead of them turning into the home straight, and came past the winning post with ears pricked.

Will Ceart Go Leor be good enough for Cheltenham? His improved recent record since graduating from point-to-pointing suggests that he might. A winner for County Monaghan builder Patrick Courtney last time out at Navan, the gelding was completing a hat-trick with that win, following successes at Clonmel early last December, and Fairyhouse on New Year's Day.

In next Wednesday's £12,000 National Hunt Chase, Fearless Leader and Ceart Go Leor will almost certainly head the betting, in that order. It is always difficult to envisage how a race will develop, but it is quite likely that Queally will attempt to tuck Ceart Go Leor in near the *inside* rail before setting sail for home somewhere in the back straight.

I expect *Midsummer* Gamble to get the Irish challenge off to a good start either in Tuesday's Waterford Supreme Novices' Hurdle or in Wednesday's Sun Alliance Novices' Hurdle, before Fearless Leader and Ceart Go Leor fight out the National Hunt Chase.

My other tentative suggestions for the meeting are American challenger *Flatterer* in the Champion Hurdle, and Glyde Court each way in the Kim Muir.

Whatever their fate next week, Ireland's jumping trainers look to have a reasonably bright future because a drastic fall from £5,000 to £1,500 an acre for prime stud land since the late 1970s has not been reflected in the fortunes of National Hunt racing.

Last month, Leopardstown staged the inaugural running of the Vincent O'Brien Gold Cup, a race formulated as a *natural stepping* stone to the Cheltenham Gold Cup. With some £75,00 in prize money, it is here to stay.

Ceart Go Leor is not in that league. But if he wins at Cheltenham next week, *Irish eyes* will smile.

John Barrett reports that badminton is not yet in tennis's league but its future is promising

Shuttling towards the sporting big-time

IN THE SUBTLE air currents of London's Wembley Arena, 360 international badminton stars have battled this week for the game's top honours in the £27,783 Yonex All-England Open Championships.

The All-England is to badminton what Wimbledon is to tennis.

Sydney Smith, the first men's badminton champion, twice won the doubles at Wimbledon (wearing a knee brace, incidentally) in partnership with Frank Riseley.

As the competitive intensity in tennis and badminton has increased, so it has become necessary to specialise. It is unthinkable now that any man or woman could rise to the top in both sports. In many ways the British badminton scene resembles the state of affairs in tennis. Both produced quality players before 1939, but since the war both have been left behind by nations better organised and more committed.

In tennis, first the Americans and Australians, and now most of Europe, have overtaken us. In badminton the lead has passed to the Danes, with their strongly organised competitive structure in the clubs, and the Chinese, Malayans and Indonesians, who benefit from strong government support. The top players in these eastern countries are rich and famous.

The last British men's singles champion at Wimbledon was Fred Perry (1934-36), while Ralph Nichols won the last of his five All-England titles in 1938. In neither sport has any man since come remotely close to emulating them. In fact, until Steve Baddeley's heartening success yesterday, no Briton had reached the semi-finals since 1939.

In badminton, as in tennis, the women have done better. There have been three postwar British Wimbledon champions, Angela Mortimer (1961), Ann Jones (1968), and Virginia Wade (1977). Four British women have won the All-England in the same period — Heather Ward, who became Mrs Nielsen (1959), Ursula Smith, later Mrs Oakley (1965), Margaret Beck (1973), and Gillian Gilkes (1976-78).

However, both sports show encouraging signs of revival. I have written recently about the Indoor Tennis Initiative, the *new inter-city league* and the greater professionalism in the management of tennis. A similar picture is emerging in badminton. Last August Prince Andrew, the patron of the Badminton Association of England, opened the association's new national centre at Milton Keynes, where an old farmhouse near Loughton village is the new hub of a dynamic BA of E.

At a cost of £250,000 (plus a *heavy subsidy from the Sports* Council), the barns and 17th century stone outbuildings became dormitories, offices, conference room, weight training room, dining room and self-catering kitchen. A four-court *sports hall provides* perfect playing conditions.

The health of the game *nationwide has* never been better. There are an estimated 3.5m badminton players in leisure centres in Britain, of whom 51 per cent are women and 49 per cent men. However, there are still only 150,000 affiliated players at the 5,280 clubs around the country, whose average membership is a meagre 23. This compares with 170,000 registered players in Denmark—more than half the 250,000 who play badminton in a *total population of 5.1m.*

It was in 1979 that badminton went half-heartedly open with a much-publicised event at the Royal Albert Hall. Since then, "licensed" players can earn money but must obtain approval *from their national association* for any contracts paid or prize money won. In theory they must *not accept appearance money*, though in practice everyone knows that this rule can never be enforced.

Part of the reason for this set-up is the hope that badminton will become an Olympic sport. The stronger reason is the inability of players to support themselves. Only a handful of players around *the world can make a* decent living from the game. The world's No 1., Morten Frost, a Dane who *lives* in England, earns some £250,000 per year. By contrast, the British No 1, Steve Baddeley, can make *only £25,000-£30,000.*

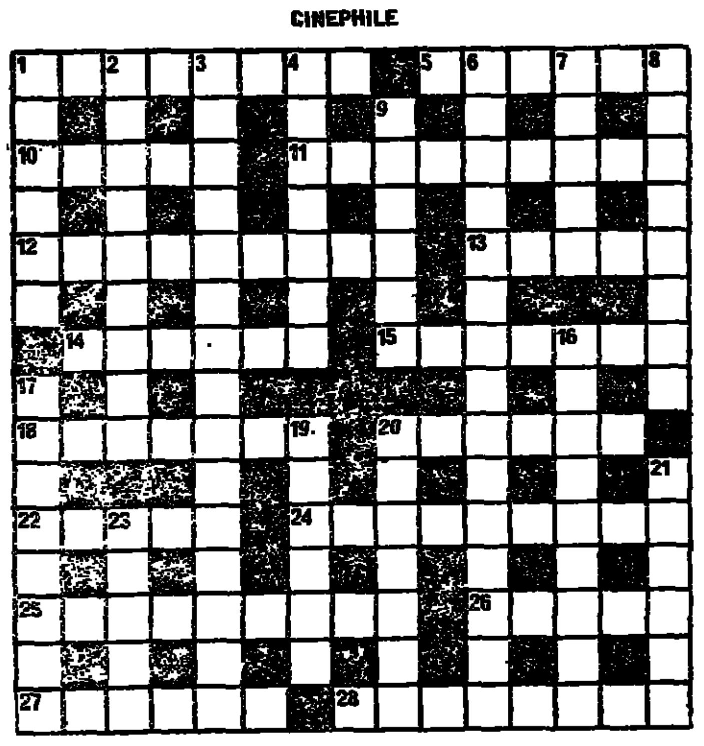
Badminton has not yet broken through the TV barrier. Until it does there will be insufficient sponsors to maintain a fully-fledged professional sport. At present the total annual income of the BA of E *is only £360,000*, which comes in roughly equal proportions from affiliation fees, Sports Council grants, and self-generated projects. That is why Channel Four's present commit*ment to the BA of E is so* important—1987 is the second of a three-year contract to televise the *All-England*, the Masters and the Carlsberg England National Championships, which were completed last month at Crawley.

There is increasing interest among potential sponsors because of improving viewing *figures*. In 1985 300,000 watched the BBC's coverage of the All-England. Last year some 1.6m *tuned in to Channel 4.*

As with tennis, badminton badly needs a new hero. If Baddeley and Darren Hall could somehow take that last giant step which would lift them into the topmost ranks, then the explosion of interest in Britain could rival the excitement caused on the green baize by Steve Davis and his colleagues of the snooker world. Who would have thought five years ago that snooker could *command practically wall-to-wall* TV coverage? With such *a solid* public playing base to build upon there is no reason why badminton, properly led, *could not* do the same.

FT CROSSWORD PUZZLE No. 6,277

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

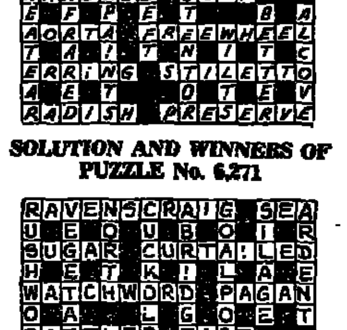
1 Aspirate, possibly, supported by another (8)
5 Some colour from a siphon? (6)
10 Rock plant with some diseased umbels (5)
11 Not changing letters, changing mail—trite? (9)
12 Health and torture on the breakfast table (5, 4)
13 French boy goes West to make a fresh start (5)
14 Inversely start the habit of understanding? (6)
15 Not so fine a prince? (7)
18 Performer tries at disguise (7)
20 Church job gives capital return in salary (6)
22 Policeman artist, a bit of a nut (5)
24 Prince with some pictures makes denunciatory speech (9)
25 Masonry with modern ring: bird is outside (9)
26 Tobacco for Oliver? (5)
27 Greeting with South African instrument (6)
28 Economise in the matter of excavation (8)

16 Start Point mistakenly follows home church (9)
17 Range, as in party organisation (8)
19 Use my pole for a change (6)
20 Cost about 220 gals.: it stings a bit (7)
21 Put a stop to drink (6)
23 Make stealthy moves to give new voting system the bird (5)

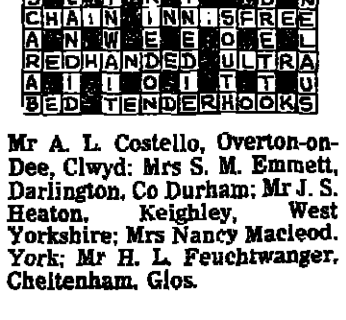
DOWN

1 Money put in vegetable (6)
2 Special welcome to favourite at Cleveland racecourse? (3, 6)
3 Time's up: right answer—mum or dad—almost obvious? (15)
4 Farming while one's young? (7)
6 Artist of character, perhaps, gets stout without characteristic suffering (8, 7)
7 Continue to perform as a historian (5)
8 Cat-call amid sound of crowd returning (8)
9 Boilerman converts to kerosene in part (6)

Solution to Puzzle No. 6,276



SOLUTION AND WINNERS OF PUZZLE No. 6,271



Mr A. L. Costello, Overton-on-Dee, Clwyd: Mrs S. M. Emmett, Darlington, Co Durham: Mr J. S. Heaton, Keighley, West Yorkshire; Mrs Nancy Macleod, York; Mr H. L. Feuchtwanger, Cheltenham, Glos.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.20 am The Hunter. 8.35 Dogtanian and the Three Muskehounds. 9.02 Saturday Superstore. 12.15 pm Grandstand including: 12.20 Football Focus: 12.40 World Figure Skating Championships; 1.00 News. 1.05 Motocross; Racing from Chepstow at 1.30, 2.00, 2.30 and 3.30; 1.40 Water Polo; 2.10 Gymnastics; 2.40 Ice Hockey; 3.40 Football—latest news; 3.50 Rugby League; and at 4.40 Final Score. 5.05 News. 5.15 Regional programmes. 5.20 Perfect *Strangers*. 5.45 *Jim'll Fix It.*

6.20 The Little and Large Show. 7.00 Bob's Full House. 7.25 One by One. 8.25 Bergerac. 9.20 News and Sport. 9.35 Cagney and Lacy. 10.25 Match of the Day. 11.25 Film: "Deadly Harvest," starring Pat Boone and Patty Duke.

BBC 2

2.05pm Chess Classic. 2.35 Julianne —A Portrait. †3.00 Film: "David Copperfield," starring Freddie Bartholomew. 5.05 World Figure Skating Championships. 5.45 The Week in the Lords. 6.25 Micro Live. 6.55 Newsview. 7.35 The Middle of Life (profile of German composer Hans Werner Henze). 8.35 Saturday Review. 9.20 *Film: "Fanny and Alexander" (Swedish* with English subtitles). †10.20-12.00 Film: "The Seventh Seal" (Swedish with English subtitles).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 *No. 73.* 11.00 The Outsiders. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 World Figure Skating Championships. 1.20 Chips. 2.15 *Comedy Classic: Please Sir!* 2.45 Boxing. 4.45 Results Service. 5.00 News. 5.05 Walt Disney Presents. 5.15 Connections. 5.45 The A-Team. 6.45 Bobby Davro's TV Weekly. 7.15 Me and My Girl. 7.45 The Price is Right. 8.45 News and Sport. 9.00 *Hunter. 10.00 Aspel and Company.* 10.45 LWT News Headlines, followed by "Private Benjamin," starring Goldie Hawn. 12.40 am Mirror Image.

CHANNEL 4

9.25 am A Question of Economics. 9.50 4 What It's Worth. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 The Life and Times of Lord Mountbatten. 12.15 pm *Isaura the Slave Girl. 12.55 World of* Animation. 1.05 Jonjo. 1.35 Channel 4 Racing from Sandown Park. †3.10 "Chu Chin Chow," starring George Robey. 5.05 *Brookside Omnibus.* 6.00 Right to Reply. 6.30 Speed Chess Challenge. 7.00 News Summary, followed by 7 Days. 7.30 Horses. 8.30 Stairs. 9.00 The Power Game. 10.00 Saturday Live. 11.15 Badminton: Yonex All England Championships. 12.00 World Figure Skating Championship.

IBA Regions as London except at the following times:

ANGLIA

11.00 am Tarzan. 1.20 pm The Fall *Guy. 5.15 Blockbusters. 12.40 am* Epilogue.

BORDER

11.00 am *Spiderwoman.* 11.30 Mr Merlin. 1.20 pm Mary. 1.45 Rallycross: Shell Oils British Open.

CENTRAL

11.00 am Mister T. 11.30 Under the Mountain. 1.20 pm Knight Rider. 2.15 *Who's the Boss? 12.45 Elton John in* Central Park. 1.40 Central Jobfinder '87.

CHANNEL

11.00 am The World Figure Skating Championships. 11.59 Today's Weather. 1.20 pm Rallycross. 1.50 Diff'rent Strokes. 5.15 Blockbusters. 12.45 am Barclay James Harvest.

GRAMPIAN

11.00 am UFO. 1.20 pm Magnum. 5.15 Blockbusters. 12.45 am Reflections.

GRANADA

11.05 am The Greatest American Hero. 1.20 pm UFO. 2.15 Punky Brewster. 12.40 am Meltdown.

HTV

11.00 am UFO. 11.57 HTV News. 1.20 pm The Fall Guy. 10.45 Cup Rugby (Bristol v Leicester). 11.30 "In Broad Daylight" starring Richard Boone, Suzanne Pleshette and Stella Stevens.

SCOTTISH

11.00 am Fireball XL5. 11.25 Crystal Tipps and Alistair. 1.20 pm Hart to Hart. 5.15 Blockbusters. 12.45 am Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Chips. 11.57 TSW News. 1.20 pm Scarecrow and Mrs King. 5.05 Newsport. 5.10 Blockbusters. 5.40 Gus Honeybun's Magic Birthdays. 12.45 am Postscript.

TVS

11.00 am Dover: Memorial Service. 11.57 TVS Weather. 1.20 pm Rallycross (Shell Oils British Open). 1.50 *Different Strokes. 5.15 Blockbusters.* 12.45 am Barclay James Harvest. 1.30 Company.

TYNE TEES

11.00 am World Figure Skating Championships. 1.20 pm Tucker's *Witch. 12.45 am Poety of the People.*

ULSTER

11.00 am The Outsiders. 11.58 *Lunchtime News.* 1.20 pm UFO. 4.55 Sports Results. 8.57 Ulster News.

YORKSHIRE

11.00 am *Tarzan.* 1.20 pm Scarecrow and Mrs King. 12.45 am Jobfinder

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds Of The 80s. 11.00 Album Time with Peter Clayton. 1.00 pm Pull The Other One! 1.30 Sport On 2 including Football; Rugby League; Sandown Racing; Davis Cup (first round news from Mexico City) and reports from Wembley on the Yonex All-Eng*land Badminton Championships.* 6.00 Pop Score. 6.30 They Did It Their Way. 7.00 The Conch Quiz. 7.30 Music From The Movies. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade (8.00 World Service News). 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.30 Toronto Sympony Orchestra: Berlioz (Overture: Le corsaire), Beethoven (Piano Concerto No 2); (12.10 pm Interval Reading). 12.15 Mussorgsky. 1.00 News. 1.05 The Wallace Collection. 2.05 Peter Hill, piano recital. 3.00 *Music with Swiss associations* by Liszt, Brahms, Wagner, Hermann, Schubert and Schumann. 5.00 Jazz Record Requests. 5.45 Critics' *Forum.* 6.35 The Organ Sonatas of Alexandre Guilmant. 7.10 "The Enchantress," Tchaikovsky's opera "Charodyeika" sung in Russian (8.50-8.55 Interval Reading). 10.30 Cineastes For The State (Nigel Andrews presents a documentary about Soviet cinema). 11.00 *Arditti String Quartet with Michael* Berkeley as presenter/interviewer. (Music by Finnissey, Bent Sorensen, Brian Ferneyhough and Jonathan Harvey.) 11.57-12.00 *News.*

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport On 4. 9.30 Breakaway. 10.00 News: Loose Ends with Ned Sherrin and guests. 11.00 The Week In West*minster: A personal review of the Parliamentary* week with Peter Riddell, Political Editor of the Financial Times. 11.25 From Our Own Correspondent. 11.55 The Weekend On 4. 12.00 News: Money Box. 12.27 pm *The News Quiz* (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 *Shipping forecast.* 2.00 News: Dilys Powell's History of the British Cinema (S). 2.30 The Afternoon Play (S). 4.00 *News: International Assignment.* 4.30 Science Now.

5.30 pm The Living World. 5.25 Week Ending. 5.50 Shipping forecast. 5.55 Weather: Travel. 6.00 News: Sports round-up. 6.25 Stop The Week With Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller. 9.50 Ten To Ten (S). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature (S). 10.45 Mixed Metafordes... 11.00 Big Jim and the Figaro Club. 11.30 Cliffhanger (S). 12.00-12.15 am News.

Lucinda Green and Ian Ogilvy in "Horses," C4, 7.30 pm

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Signs of Hope. 10.00 Asian Magazine. 10.30 Take Nobody's Word for It. 10.55 The Interview Game. 11.20 Lyn Mar*shall's Everyday Yoga. 11.30 Parent* Programme. 11.45 Telejournal. 12.10 pm See Hear. 12.35 Farming. 12.58 Weather for Farmers. 1.00 This Week *Next Week.*

2.00 Eastenders. †3.0 Film: "The Philadelphia Story," starring Cary Grant, James Stewart and Katharine Hepburn. 4.50 World Figure Skating Championships. 5.30 Antiques Roadshow. 6.15 Lifeline. 6.25 News. 6.40 *Songs of Praise.* 7.15 Last of the Summer Wine. 7.45 The District Nurse. 8.35 Mastermind. 9.05 News. 9.20 That's Life. 10.05 Heart of the Matter. *10.40 The World of UB 40.* 11.05 Simon King's Country Diary. 11.35 The Sky at Night.

BBC 2

2.00 pm Rugby Special. 2.50 100 *Great Sporting Moments* (the 1964 Cheltenham Gold Cup). 3.00 "Cox and Box" (opera in one act by Arthur Sullivan and F. C. Barnard). 4.00 The Sheffield Gang Wars. 4.30 Music in Camera. 5.20 Thinking Aloud. 6.00 Ski Sunday. 6.30 The Money Pro*gramme.* 7.15 On the House. 7.45 The First Eden. 8.40 Darts (Wales v England). 9.25 Did You See . . . ? 10.05 Screen Two: Going Home. 11.45-12.20 am Darts.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Disney's Adventures of the Gummi Bears. 10.00 *No 73. 10.30* The Adventures of Black Beaty. 11.00 Morning Worship. 11.45 The Old Testament in Art. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Link. 2.00 LWT News Headlines followed by Encounter. 2.30 The Big Match Live—Wimbledon v *Tottenham Hotspur. 4.30 Supergran.* 5.00 Athletics—The Dairy Crest Invitational.

6.00 The Television Show. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Surprise Surprise. 8.45 News. 9.00 Clive James on Television. 9.30 The British Academy Awards. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by Cutter to Houston.

CHANNEL 4

9.25 am Sunday East. 10.00 The World This Week. 11.00 Worzel *Gummidge. 11.30 The Waltons.* 12.30 pm The Tube. 2.00 Rebecca. †2.30 "Shoulder Arms" starring Charlie Chaplin. 3.15 To the Western World. *3.55 Elizabeth Maconchy.* 4.45 Robinson Country. 5.15 News Summary followed by The Business Programme. 6.00 Yonex All-England Badminton Championships. 7.15 The World At War. 8.15 A-Z of C & W with Hank Wangford. †9.15 Armchair Theatre. †10.20 "*Serious Charge*" stars Anthony Quayle with Andrew Ray, Sarah Churchill and Cliff Richard. †12.10 am The Twilight Zone.

IBA Regions as London except at the following times:

ANGLIA

9.25 am Cartoon. †1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.30 am Epilogue.

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook. 11.30 Conference Report '87 (Labour Party—Scottish Conference).

CENTRAL

9.25 am Max The 2000 Year Old Mouse. 1.00 pm Link. 1.30 Here and Now. 11.30 Jazz and Blues Ben Sidran on the Live Side. 12.30 am Central Jobfinder '87.

CHANNEL

9.25 am Today's Weather. 1.00 pm Les Français Chez-Vous. 1.30 Farm Focus. 6.25 Channel News Headlines. 11.30 The Mysteries of Edgar Wallace.

GRAMPIAN

9.25 am Cartoon. 11.00 Sunday Service. *11.30 A Full Life (Jonathan* Miller). 1.00 pm Farming Outlook. 1.30 Face the Press. 2.30 Survival. 3.00 Bullseye. 3.30 Supergran. 4.00 Scotsport. 11.30 Labour Party conference report. 12.30 am Reflections.

GRANADA

9.25 am Max, the 2000-year-old Mouse. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.10 Wish You Were *Here . . . ? 1.40 This Is Your Right.* 6.00 Survival. 11.30 Promises and Piecrust. 12.00 Show Express.

HTV

9.25 am Max the 2000 Year Old Mouse. 1.20 pm Farming Wales followed by Weather for Farmers. 6.38 *HTV News. 11.30 Jack the Ripper—the* Final Solution.

HTV Wales—As HTV West except: 11.30-12.30 am End of Empire.

SCOTTISH

9.25 am Peter's Adventures. 11.00 *Sunday Service. 11.30 Farming Outlook.* 1.00 pm The Glen Michael Cavalcade. 2.00 The Two Edged Sword. 2.30 Survival. 3.00 Bullseye. 3.30 Super*gran. 4.00 Scotsport. 11.30 Conference* Report '87. 12.30 am Late Call.

TSW

9.25 am Look and See. 1.00 pm The South West Week. 1.30 Farming News. 11.30 Promises and Piecrusts. *11.55 Postscript Postbag.*

TVS

9.25 am Employment Action! 1.00 pm Agenda. 1.30 Farm Focus. 6.25 TVS News. 11.30 Mysteries of Edgar Wallace. 12.30 am Company.

TYNE TEES

9.25 am Hello Sunday. 1.00 pm *Farming Outlook.* 1.30 Face the Press. 6.00 Bullseye. 11.30 The Television *Show. 12.00 Hotel 12.45 am Epilogue.*

ULSTER

9.25 am Cartoon Time. 12.58 pm Lunchtime News. 1.00 Link. 1.30 Farming Weather. 6.38 Ulster News. 8.57 Ulster News. 11.30 Magnum. 12.25 am *Sports Results.* 12.30 News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm Link. 1.25 Farming Diary, followed by Farming and Inshore Weather. †11.30 The *Mysteries of Edgar Wallace.* 12.35 am Five Minutes. 12.40 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 all-time greats. 2.00 pm Benny Green. 3.00 Alan Dell. 4.00 Black Magic. 4.30 Sing Something Simple. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Vince Hill's Solid Gold Music Show. 7.30 Operetta Nights presented by Nigel Douglas. 8.30 Sunday Half Hour. 9.00 Your Hundred Best Tunes, introduced by Alan Keith. 10.05 Songs From The Shows. 10.45 Bryan Evans at the piano. 11.00 Sounds Of Jazz with Tony Russell. 1.00 am Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Wake Up To Haydn! 8.00 World Service News. *8.10 Primo E Secondo. 9.00 News.* 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Raphael Trio. 12.15 pm From The Proms 86. Bavarian Radio SO conducted by Sir Colin Davis: Stravinsky (Symphony in 3 movements): (12.35* Interval *Reading*): 12.45 Beethoven (Symphony No 3, "Eroica"). 1.50 Christian Zacharias, piano recital. 2.30 Britten Conducts Mahler. 3.15 *Lindsay String Quartet*, Haydn (Quartet in C Op 50 No 2), Bartok (Quartet No 2): (4.05* Interval Reading); 4.10 Cherubini (Quartet No 4). 4.45 *Hans Werner Henze.* Symphony No 7. 5.30 The Jesuits. 6.15 Music At Finchcocks. 7.00 BBC Philharmonic Orchestra: Alexander Goehr (Symphony with Chaconne), Sibelius (Symphony No 5). 8.15 A Handful Of Pleasant Delights. 9.05 Music For Guitar. 9.35 Stations. *10.00 Sounds Of Finland.* 11.20 Worldes Blis. New London Consort directed by Philip Pickett. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 *The Local Network.* 7.40 Sunday including 7.55 Weather: Travel. 8.00 News. 8.10 Sunday Papers. 8.50 The Week's Good Cause. 8.55 Weather: Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service (S). 10.15 *The Archers (omnibus edition).* 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping forecast. 2.00 News: Gardeners' Question Time. 2.30 The Lord of the Rings (S). 3.30 Literary *Walks.* 4.00 *News:* The Food Programme. 4.30 The Natural History Programme.

5.00 News. 5.05 Down Your Way. 5.50 Shipping forecast. 5.55 Weather: Travel. 6.00 News. 6.15 Feedback (Christopher Dunkley with your comments *and queries about the BBC*). 6.30 Soundings. 7.00 Martin Chuzzlewit (S). 8.00 Bookshelf. 8.30 An Infamous Address. 8.45 The Resurrection of Christ. 9.00 News: Proof, by Dick Francis (S). 9.30 Law in Action. 9.55 Weather: Travel. 10.00 News. 10.15 The Sunday *Feature (S).* 11.00 Seeds of Faith (S). 11.15 In Committee. 12.00-12.15 am News.

"Going Home," Screen Two, BBC-2, 10.05 pm

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